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If you are in any doubts as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Beijing Urban Construction Design & Development Group Co., Limited, you should at once hand this circular together with the accompanying proxy form and reply slip for the annual general meeting to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建設計發展集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1599)

- (1) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE A SHARE OFFERING PLAN AND THE AUTHORIZATION CONCERNING THE A SHARE OFFERING**
 - (2) ADJUSTMENT TO THE INVESTMENT PROJECTS FUNDED BY PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF A SHARES AND FEASIBILITY RESEARCH REPORT**
 - (3) PROPOSED INCREASE IN SCOPE OF BUSINESS OF THE COMPANY**
 - (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
 - (5) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE BOARD**
 - (6) PROPOSED GENERAL MANDATE TO ISSUE DOMESTIC SHARES AND/OR H SHARES**
 - (7) PROPOSED CONNECTED TRANSACTIONS WITH BEIJING INVESTMENT COMPANY AND ITS SUBSIDIARIES**
 - (8) FINANCIAL REPORT FOR 2018**
 - (9) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR OF 2018 AND ITS SUMMARY**
 - (10) 2018 PROFIT DISTRIBUTION PLAN AND DIVIDEND DECLARATION PROPOSAL**
 - (11) RE-APPOINTMENT OF AUDITORS FOR 2019 AND PAYMENT OF THE AUDITING SERVICE FEE FOR 2018**
 - (12) 2019 INVESTMENT PLAN**
 - (13) REPORT OF THE BOARD OF DIRECTORS FOR 2018**
 - (14) REPORT OF THE BOARD OF SUPERVISORS FOR 2018 AND**
- NOTICES OF THE 2018 ANNUAL GENERAL MEETING, THE FIRST DOMESTIC SHARES CLASS MEETING IN 2019 AND THE FIRST H SHARES CLASS MEETING IN 2019**

Independent financial adviser to the Independent Board Committee and Independent Shareholders

VEDA | CAPITAL
智 略 資 本

The AGM, the Domestic Shares Class Meeting and the H Shares Class Meeting of the Company are to be held at 501, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC at 2:30 p.m. on Wednesday, 29 May 2019 in sequence. A letter from the Board is set out on pages 1 to 5 of this circular. A notice convening the AGM, the Domestic Shares Class Meeting and the H Shares Class Meeting is set out on pages 19 to 27 of this circular.

If you intend to appoint a proxy to attend the AGM, the Domestic Shares Class Meeting and the H Shares Class Meeting, you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For holders of H Shares, the proxy form should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in hand or by post not less than 24 hours before the time stipulated for convening the AGM and the Class Meetings or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and the Class Meetings or any adjourned meeting thereof if you so wish.

If you intend to attend the AGM and the Class Meetings in person or by proxy, you are required to complete and return the reply slip on or before Thursday, 9 May 2019.

10 May 2019

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“AGM”	the 2018 annual general meeting of the Company to be convened on Wednesday, 29 May 2019
“Articles of Association”	the Articles of Association of the Company, as amended, modified or supplemented from time to time
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“A Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which will be listed on Shanghai Stock Exchange
“Beijing Investment Company”	Beijing Infrastructure Investment Co., Ltd., a substantial Shareholder of the Company
“Beijing Vehicle Company”	Beijing Metro Vehicle Equipment Co., Ltd., a subsidiary of Beijing Investment Company
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Class Meetings”	Domestic Shares Class Meeting and H Shares Class Meeting
“Company”	Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1599)
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as enacted and adopted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as the same may be amended, supplemented and otherwise modified from time to time

DEFINITIONS

“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and which are currently not listed or traded on any stock exchange
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Shares Class Meeting”	the class meeting of Domestic Shareholders to be convened and held
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“H Shares Class Meeting”	the class meeting of H Shareholders to be convened and held
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Wang Dexing, Dr. Yim Fung, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng, which was established to advise the Independent Shareholders in relation to the terms of the Joint Venture Agreement proposed to be entered into
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to provide recommendations to the Independent Board Committee and Independent Shareholders on whether the terms of the Joint Venture Agreement proposed to be entered into are fair and reasonable

DEFINITIONS

“Independent Shareholders”	Shareholders other than those required by the Listing Rules to abstain from voting on the resolution to be proposed at the AGM in relation to the proposed connected transactions with Beijing Investment Company and its subsidiaries
“Road and Bridge Company”	Beijing Municipal Road and Bridge Co., Ltd.
“Shaoxing Rail Group”	Shaoxing Rail Transit Group Co., Ltd.
“Joint Venture Agreement”	the joint venture agreement proposed to be entered into among the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group for the establishment of the Joint Venture Company
“Joint Venture Company”	the project company of Shaoxing Rail PPP Project, a company with limited liability to be incorporated in the PRC by the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group pursuant to the Joint Venture Agreement to be entered into
“Latest Practicable Date”	6 May 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China which, for the purpose of this circular only, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China

DEFINITIONS

“Shaoxing Rail PPP Project”	the PPP project of the construction, operation management and transfer of the Shaoxing Urban Rail Transit Line 1, which the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company, Shaoxing Rail Group and Shaoxing Rail Transit Construction Headquarters Office proposed to adopt a Public-Private-Partnership model. Shaoxing Urban Rail Transit Line 1 is an important channel connecting Hangzhou and Shaoxing, and runs through the Hangzhou-Shaoxing intercity line. The total length of the Shaoxing Rail PPP Project is 34.1 km
“Share(s)”	H Share(s) and Domestic Share(s) of the Company
“Shareholder(s)”	holders of the Share(s) of the Company
“subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Rules of Procedure for the Board”	the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, as amended, modified or supplemented from time to time
“Year”	the year ended 31 December 2018
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

LETTER FROM THE BOARD



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建設計發展集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1599)

Members of the Board:

Executive Directors:

Wang Hanjun

Li Guoqing

Non-executive Directors:

Shi Yubin (*Chairman*)

Tang Shuchang

Wu Donghui

Guan Jifa

Ren Yuhang

Su Bin

Yu Xiaojun

Ren Chong

Registered office:

5 Fuchengmen North Street

Xicheng District

Beijing

PRC

Principal place of business in Hong Kong:

40th Floor, Sunlight Tower

No. 248 Queen's Road East

Wanchai

Hong Kong

Independent non-executive Directors:

Wang Dexing

Yim Fung

Sun Maozhu

Liang Qinghuai

Qin Guisheng

10 May 2019

To the Shareholders:

LETTER FROM THE BOARD

**(1) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE A SHARE
OFFERING PLAN AND THE AUTHORIZATION CONCERNING
THE A SHARE OFFERING**

**(2) ADJUSTMENT TO THE INVESTMENT PROJECTS FUNDED BY PROCEEDS
FROM THE INITIAL PUBLIC OFFERING OF A SHARES AND
FEASIBILITY RESEARCH REPORT**

(3) PROPOSED INCREASE IN SCOPE OF BUSINESS OF THE COMPANY

(4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

**(5) PROPOSED AMENDMENTS TO THE RULES OF
PROCEDURE FOR THE BOARD**

**(6) PROPOSED GENERAL MANDATE TO ISSUE
DOMESTIC SHARES AND/OR H SHARES**

**(7) PROPOSED CONNECTED TRANSACTIONS WITH
BEIJING INVESTMENT COMPANY AND ITS SUBSIDIARIES**

(8) FINANCIAL REPORT FOR 2018

**(9) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR OF 2018 AND ITS SUMMARY**

**(10) 2018 PROFIT DISTRIBUTION PLAN AND DIVIDEND
DECLARATION PROPOSAL**

**(11) RE-APPOINTMENT OF AUDITORS FOR 2019 AND PAYMENT
OF THE AUDITING SERVICE FEE FOR 2018**

(12) 2019 INVESTMENT PLAN

(13) REPORT OF THE BOARD OF DIRECTORS FOR 2018

(14) REPORT OF THE BOARD OF SUPERVISORS FOR 2018

AND

**NOTICES OF THE 2018 ANNUAL GENERAL MEETING,
THE FIRST DOMESTIC SHARES CLASS MEETING IN 2019 AND
THE FIRST H SHARES CLASS MEETING IN 2019**

LETTER FROM THE BOARD

I. INTRODUCTION

On behalf of the Board, I invite you to attend the AGM to be held at Conference Room 501, 5/F, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC at 2:30 p.m. on Wednesday, 29 May 2019.

The purpose of this circular is to provide you with the notice of the AGM and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM.

II. BUSINESS TO BE TRANSACTED AT THE AGM

The business to be transacted at the AGM is specified in the notice of the AGM set out on pages 19 to 23 of this circular.

The resolutions to be proposed by way of special resolutions at the AGM include: resolutions on (1) proposed extension of the validity period of issuance plan of application for the initial public offering of A Shares and listing; (2) proposed extension of the validity period of the authorization to the Board to handle the relevant matters of the application for the initial public offering of A Shares and listing at its absolute discretion; (3) adjustment to the investment projects funded by proceeds from the initial public offering of A Shares and feasibility research report; (4) proposed increase in scope of business of the Company; (5) proposed amendments to the Articles of Association; (6) proposed amendments to the Rules of Procedure for the Board; and (7) proposal on granting the Board a general mandate to issue Domestic Shares and/or H Shares.

The resolutions to be proposed by way of ordinary resolutions at the AGM include: (8) proposed connected transactions with Beijing Investment Company and its subsidiaries; (9) financial report for 2018; (10) audited consolidated financial statements for the year of 2018 and its summary; (11) 2018 profit distribution plan and dividend declaration proposal; (12) re-appointment of auditors for 2019 and payment of the auditing service fee for 2018; (13) 2019 investment plan; (14) report of the Board of Directors for 2018; and (15) report of the Board of Supervisors for 2018.

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make decisions upon obtaining sufficient and necessary information, we have provided detailed information in relation to the resolutions to be proposed at the AGM in Appendix I to this circular to the Shareholders.

LETTER FROM THE BOARD

III. OTHER INFORMATION

Please pay attention to the other information set out in Appendices I to VIII of this circular.

The issuance of A Shares may or may not be completed, which is subject to approval at the AGM and the Class Meetings and the approval from the PRC securities regulatory authorities and other relevant regulatory authorities (including the Shanghai Stock Exchange). Shareholders and potential investors should exercise caution when dealing with the H Shares. The Company will disclose further information on the issuance of A Shares in due course.

IV. AGM AND CLASS MEETINGS

According to the Listing Rules, Beijing Investment Company, its subsidiaries and/or associates shall abstain from voting on the resolutions in respect of connected transactions contemplated under the Joint Venture Agreement. As at the Latest Practicable Date, the Domestic Shares and H Shares held by Beijing Investment Company in the Company were 87,850,942 and 68,222,000, respectively, accounting for 11.57% of the total issued Shares of the Company.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save for Beijing Investment Company, its subsidiaries and/or associates, none of other Shareholder has material interests in the above resolutions and shall abstain from voting in respect of the relevant resolutions proposed at the AGM and Class Meetings.

The AGM and the Class Meetings will be held at 501, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC at 2:30 p.m. on Wednesday, 29 May 2019 in sequence, to consider and approve the matters set out in the notice of the AGM and the notice of the Class Meetings dated 12 April 2019. A notice convening the AGM, Domestic Shares Class Meeting and H Shares Class Meeting is set out on pages 19 to 27 in this circular.

If you intend to appoint a proxy to attend the AGM and/or the Class Meetings, you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For holders of H Shares, the proxy form should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in hand or by post not less than 24 hours before the time stipulated for convening the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and/or the Class Meetings or any adjourned meeting thereof if you so wish.

If you intend to attend the AGM and/or the Class Meetings in person or by proxy, you are required to complete and return the reply slip on or before Thursday, 9 May 2019.

LETTER FROM THE BOARD

V. BOOK CLOSURE PERIOD

In order to determine the list of Shareholders who will be entitled to attend and vote at the AGM and the Class Meetings, the register of members of the Company will be closed from Monday, 29 April 2019 to Wednesday, 29 May 2019, both days inclusive, during which period no transfer of Shares will be registered.

For the identification of Shareholders who are qualified to attend and vote at the AGM, the H Shares Class Meeting and Domestic Shares Class Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or the registered office of the Company (for Domestic Shareholders), for registration not later than 4:30 p.m. on Friday, 26 April 2019. Shareholders whose names appear on the register of members of the Company on Monday, 29 April 2019 will be entitled to attend and vote at the AGM and the Class Meetings.

VI. VOTING BY WAY OF POLL

According to Rule 13.39(4) of the Listing Rules and the Articles of Association, the resolutions set out in the notices of the AGM and the Class Meetings will be voted on by way of poll. Results of the poll voting will be posted on the website of the Company at www.bjucd.com and the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the AGM and the Class Meetings.

VII. RECOMMENDATIONS

The Directors (including independent non-executive Directors) are of the view that all resolutions to be proposed for consideration at the AGM and Class Meetings are in the interest of the Company and its Shareholders as a whole. Therefore, Directors recommend Shareholders to vote in favour of relevant resolutions set out in relevant notices to be proposed at the AGM, Domestic Shares Class Meeting and H Shares Class Meeting.

Yours faithfully,

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Shi Yubin

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建设计发展集团股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1599)

Independent non-executive Directors:

Wang Dexing

Yim Fung

Sun Maozhu

Liang Qinghuai

Qin Guisheng

10 May 2019

To the Independent Shareholders:

PROPOSED CONNECTED TRANSACTIONS WITH BEIJING INVESTMENT COMPANY AND ITS SUBSIDIARIES

Reference is made to the circular of the Company dated 10 May 2019 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders on whether the terms of the proposed Joint Venture Agreement are fair and reasonable and are on normal commercial terms so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Veda Capital has been appointed by the Board as the Independent Financial Adviser to give advice to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the proposed Joint Venture Agreement. Details of the advice from Veda Capital, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 8 to 18 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 1 to 5 of the Circular and the additional information set out in the Appendices.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered (i) the terms of the proposed Joint Venture Agreement; and (ii) the advice and recommendations of Veda Capital as well as the principal factors and reasons considered by Veda Capital, we are of the opinion that the proposed Joint Venture Agreement is entered into in the ordinary and usual course of business of the Group upon arm's length negotiation between all parties based on normal commercial terms, and the terms and conditions therein are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned, and are in the interests of the Company and its Shareholders as a whole.

Therefore, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the proposed Joint Venture Agreement.

Yours faithfully,
Independent Board Committee
Wang Dexing
Yim Fung
Sun Maozhu
Liang Qinghuai
Qin Guisheng
Independent non-executive Directors

LETTER FROM VEDA CAPITAL

The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Joint Venture Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.

VEDA | CAPITAL
智 略 資 本

Room 1106, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

10 May 2019

*To: Independent Board Committee and the Independent Shareholders of
Beijing Urban Construction Design & Development Group Co., Limited*

Dear Sirs/Madams,

CONNECTED TRANSACTION

ESTABLISHMENT OF A JOINT VENTURE COMPANY

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Joint Venture Agreement, details of which are set out in the Appendix I – Business of the 2018 Annual General Meeting (the “**Appendix I**”) contained in the circular of the Company to the Shareholders dated 10 May 2019 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 29 March 2019, the Board considered and approved the resolution in relation to the Company’s participation in the investment in the public–private partnership (“**PPP**”) project of Shaoxing Urban Rail Transit Line 1, pursuant to which, among other things, the Company proposed to enter into a Joint Venture Agreement with Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group to jointly establish a Joint Venture Company to implement the Shaoxing Rail PPP Project.

LETTER FROM VEDA CAPITAL

According to the Joint Venture Agreement, the total contribution amount of the Joint Venture Company amounted to RMB7,881 million, among which, the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group will contribute RMB603 million, RMB2,793 million, RMB20 million, RMB603 million and RMB3,862 million and each of them will own 7.65%, 35.445%, 0.255%, 7.65% and 49% of the equity interest in the Joint Venture Company, respectively.

As at the Latest Practicable Date, the Domestic Shares and H Shares of the Company held by Beijing Investment Company in aggregate accounted for 11.57% of the total issued Shares of the Company. Beijing Investment Company is one of the Substantial Shareholders of the Company and constitutes a connected person under Chapter 14A of the Listing Rules. Beijing Vehicle Company is a subsidiary of Beijing Investment Company and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. The transactions between Beijing Investment Company and/or its subsidiaries and the Company constitute connected transactions under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Joint Venture Agreement constitute the connected transactions of the Company.

As the highest applicable percentage ratios in respect of the relevant transactions contemplated under the Joint Venture Agreement exceeds 5%, the transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Guan Jifa serves as the deputy general manager of Beijing Investment Company and Mr. Ren Yuhang serves as the general manager of capital operation department and director of overseas corporation office of Beijing Investment Company, they are deemed to be materially interested in the Joint Venture Agreement, and therefore, they have abstained from voting on the relevant resolutions at the Board meeting. Save as mentioned above, none of the other Directors has material interests in the above agreement and thus are not required to abstain from voting on the relevant resolutions at the Board meeting.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wang Dexing, Dr. Yim Fung, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng has been established to advise the Independent Shareholders in respect of the terms of the Joint Venture Agreement.

We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Joint Venture Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Company and the terms of the Joint Venture Agreement and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Independent Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Joint Venture Agreement and the transactions contemplated thereunder.

LETTER FROM VEDA CAPITAL

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of us. We have not acted as an independent financial adviser and have not provided any other services to the Company or any of its respective subsidiaries or their respective associates during the past two years. Accordingly, we consider that we are independent pursuant to the Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser in relation to the Joint Venture Agreement and the transaction contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management of the Company.

LETTER FROM VEDA CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Joint Venture Agreement and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration of the following principal factors and reasons:

I. Information on the Group

As set out in the Appendix I, the Group is principally engaged in design, survey and consultancy business for urban rail transit engineering, industrial and civil construction and municipal engineering as well as construction contracting business for urban rail transit engineering.

The table below sets out the summary financial information of the Group as extracted from the Company's annual results for the year ended 31 December 2018 and annual report for the year ended 31 December 2017:

Consolidated statement of profit or loss

	For the financial year ended	
	31 December	
	2017	2018
	(RMB'000)	(RMB'000)
	(audited)	(audited)
Revenue	6,972,545	7,186,146
Gross profit	1,343,218	1,423,801
Profit for the year attributable to:		
Owners of the parent	495,919	562,382
Non-controlling interest	<u>16,090</u>	<u>(8,576)</u>
Profit for the year	<u><u>512,009</u></u>	<u><u>553,806</u></u>

As illustrated above, the Group's revenue increased from approximately RMB6,972.55 million for the year ended 31 December 2017 to RMB7,186.15 million for the year ended 31 December 2018, representing an increase of approximately 3.06%. We noted that such increase in revenue was mainly attributable to the increase in the revenue of the design, survey and consultancy segment.

LETTER FROM VEDA CAPITAL

The Group's profit attributable to owners of the parent increased from approximately RMB495.92 million for the year ended 31 December 2017 to RMB562.38 million, representing an increase of approximately 13.40%.

Consolidated statement of financial position

	As at 31 December	
	2017	2018
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)
Total Assets	14,341,844	16,402,288
Total Liabilities	10,158,526	11,819,183
Net Assets	<u>4,183,318</u>	<u>4,583,105</u>

The Group's total assets and total liabilities as at 31 December 2018 amounted to approximately RMB16,402.29 million (2017: approximately RMB14,341.84 million) and RMB11,819.18 million (2017: approximately RMB10,158.53 million), respectively. This represented an increase as at 31 December 2018 in total assets of approximately RMB2.06 million, primarily attributable to the increase of contract assets. The increase in total liabilities of approximately RMB1.66 million was predominately by the increase of (i) current other payables and accruals; and (ii) non-current interest-bearing bank and other borrowings.

II. Information on Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group

As stated in the Appendix I, Beijing Investment Company is a wholly state-owned enterprise established as a limited liability company and principally engaged in the investment and financing of the infrastructure of Beijing's rail transit, as well as its pre-establishment planning, capital management, and the exploitation and management of relative resources. As Beijing Investment Company is one of the Substantial Shareholders of the Company, it is a connected person under Chapter 14A of the Listing Rules.

Beijing Vehicle Company is a subsidiary of Beijing Investment Company and the principal business of which includes manufacture of urban rail transit vehicles, equipment and parts. As Beijing Vehicle Company is a subsidiary of Beijing Investment Company, it is a connected person of the Company under Chapter 14A of the Listing Rules.

LETTER FROM VEDA CAPITAL

The principal business of Road and Bridge Company includes manufacture of building materials, Engineering, Procurement and Construction (EPC) of highway construction; investment, development, operation, design and construction of infrastructure. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Road and Bridge Company and its beneficial owner are third parties independent of the Group and its connected persons.

The principal business of Shaoxing Rail Group includes development, operation and management of rail transit, as well as closed operation of land lots authorised by the municipal government. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shaoxing Rail Group and its beneficial owner are third parties independent of the Group and its connected persons.

III. Information on the Shaoxing Rail PPP Project

Shaoxing Rail PPP Project refers to the PPP project of the construction, operation management and transfer of the Shaoxing Urban Rail Transit Line 1. Shaoxing Urban Rail Transit Line 1 is an important channel connecting Hangzhou and Shaoxing, and runs through the Hangzhou-Shaoxing intercity line. The total length of the Shaoxing Rail PPP Project is 34.1 km.

According to the agreement of Shaoxing Rail PPP Project, the periods for construction and operation are 4 years and 26 years, respectively. The Joint Venture Company proposed to enter into the agreement of Shaoxing Rail PPP Project with relevant government authorities, according to which the Joint Venture Company will be authorised to manage and operate the Shaoxing Rail PPP Project.

IV. Reasons for and benefits of entering into of the Joint Venture Agreement

Experiences of the Group in public infrastructure projects

As advised by the management of the Company, the Group has ample experiences in participating in public infrastructure PPP projects in the PRC, including but not limited to 安徽省安慶市外環北路工程PPP項目(PPP Project of Waihuan North Road Project in Anqing City, Anhui Province*), 雲南省滇中新區空港大道中段PPP項目(PPP Project in the middle section of Konggang Avenue, Langzhong New District, Yunnan Province*), 貴州省遵義市鳳新快線工程PPP項目(PPP Project of Fengxin Expressway Project in Zunyi City, Guizhou Province*), 雲南省昆明市軌道交通4號線PPP項目(PPP project of Kunming Rail Transit Line 4 in Yunnan Province*), 江蘇省南京市浦口區林西路建設工程PPP項目(Construction PPP Project of Linxi Road, Pukou District, Nanjing City, Jiangsu Province*), and 北京市順義區現代有軌電車T2線PPP項目(PPP Project of Beijing Thunyi District Modern Tram T2 Line*), etc.

LETTER FROM VEDA CAPITAL

Prospects of Shaoxing Rail PPP Project

As set out in the Appendix I, Shaoxing Rail PPP Project is conducive to facilitating the needs for the Company to enhance profitability.

Upon the commencement of the Shaoxing Urban Rail Transit Line 1 operation period, the Company will, through the Shaoxing Rail PPP Project, diversify the scope of business and income sources of the Group through the ticketing and non-ticketing revenue generated from the operation of the Shaoxing Urban Rail Transit Line 1. This is conducive to the long-term growth and sustainable development of the Group as a whole and will enhance long-term Shareholders' value and represents a market expansion opportunity into the Zhejiang Province in the PRC, and thus increase market share in the industry.

According to "Review and Prospect of Hangzhou Real Estate Market in 2018" issued by CBRE Group, Inc., the world's largest commercial real estate services and investment firm, we noted that Hangzhou's property market is currently one of the largest markets in the PRC, recording the highest total land sale transaction amount in the PRC in 2018 at RMB249.8 billion. As one of the largest economic hubs in the PRC, Hangzhou is forecasted to continue to experience high growth that will in turn raise land and property prices. Approximately 1.9 million people currently reside in the Hangzhou-Shaoxing metropolitan area, the Shaoxing Urban Rail Transit Line 1 will significantly reduce transit times for workers employed in Hangzhou that reside in Shaoxing.

According to a real estate agent platform in the PRC, the average price of second-hand residential properties in Hangzhou for the month of March 2019 is approximately RMB28,000 per square meter, which is approximately RMB13,000 higher than Shaoxing for the same period. As such, it is expected that the implementation of Shaoxing Urban Rail Transit Line 1 will result in more workers choosing to reside in Shaoxing and transiting to Hangzhou for work, thus potentially increasing the ticketing revenue of the Shaoxing Urban Rail Transit Line 1.

Furthermore, on top of Hangzhou being the host city of "The G20", an international forum for the governments and central bank governors from all over the world in 2016, the 2022 Asian Games, which is a continental multi-sport event held every four years from all over Asia, will also be held in Hangzhou. As a result, it is anticipated that more tourists and business travellers will be brought into Hangzhou and thus bringing positive outlook and development to Hangzhou, which in turn will drive the residential, commercial and tourism demand across neighboring regions, including Shaoxing. The 2022 Asian games will also see large investments into improving facilities and infrastructure for incoming tourists. Such investments are long term orientated that is expected to stimulate visitor rate growth beyond 2022. The Shaoxing Urban Rail Transit Line 1 would allow visitors to easily reside and transit between the two cities, generating tourism related revenue for both cities and the Shaoxing Urban Rail Transit Line 1.

LETTER FROM VEDA CAPITAL

Synergies of strategic partnership

As set out in the Appendix I, Shaoxing Rail PPP Project is beneficial to the market expansion and integration of the industry chain of the Company.

As advised by the management of the Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company are Beijing-based rail transit related enterprises which have a strong driving effect in the industry.

Through establishing the Joint Venture Company, the Company can enhance its market influence in the PRC's, in particular Beijing's, rail transit industry and the future development of the Group's rail transit business and market expansion through the synergies of strategic partnership.

We consider that establishing the Joint Venture Company is in line with the Group's business strategy to expand its business and integrate the industry chain of the Group. Based on the expertise and experiences of the Group and other parties, the formation of the Joint Venture Company is in the mutual interest of the Group and other parties which the respective parties could utilise their own resources to make contribution to the Shaoxing Rail PPP Project and other future potential projects, and form a five-in-one industry chain – planning and design, investment and financing, construction, equipment manufacturing, and operation management.

Having considered (i) the Group has extensive experiences in the facilitation of PPP projects in the PRC; (ii) the Joint Venture Agreement is in the ordinary and usual course of business of the Group; (iii) the scope of the Joint Venture Company is in line with the Group's principal business; (iv) the prospect of operation of the Shaoxing Urban Rail Transit Line 1 and, in particular, the potential ticketing revenue; (v) the Shaoxing Rail PPP Project offers the Group a good opportunity to develop its business and diversify its income stream in the operation of the Shaoxing Urban Rail Transit Line 1; (vi) the Group can potentially expand its market share in the PRC through the Joint Venture Agreement and the Shaoxing Rail PPP Project; and (vii) the formation of the Joint Venture Company would bring synergy effects to the Shaoxing Rail PPP Project and other future potential projects, we are of the view that the establishment of the Joint Venture Company to implement the Shaoxing Rail PPP Project is in the ordinary and usual course of business of the Company and is in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM VEDA CAPITAL

V. The Joint Venture Agreement

The Directors (excluding the independent non-executive Directors) are of the view that the Joint Venture Agreement proposed to be entered into is in the ordinary and usual course of business of the Company and on normal commercial terms after arm's length negotiations among the parties, and the terms and conditions of the agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

For the details of the Joint Venture Agreement, please refer to Appendix I.

According to the Joint Venture Agreement, the scope of business of the Joint Venture Company is the implementation of the Shaoxing Urban Rail Transit Line 1 PPP project which mainly includes: construction and management of urban rail transit engineering, housing construction engineering, municipal public engineering, foundation and infrastructure engineering involved in Shaoxing Urban Rail Transit Line 1; construction, operation and management of parking lots along Shaoxing Urban Rail Transit Line 1; operation and management of Shaoxing Urban Rail Transit Line 1; comprehensive development, resource development and operation of lands along the Shaoxing Urban Rail Transit Line 1; construction management and asset management related to Shaoxing Urban Rail Transit Line 1 project (subject to the scope of business agreed upon by each shareholder and approval from the relevant industrial and commercial registration authority).

As set out in the Joint Venture Agreement, the capital contributions to be made by the Company under the Joint Venture Agreement are from its self-raised funds and part of its own funds.

Total capital contribution amount for the Joint Venture Company was RMB7,881 million, among which RMB5,000 million was included in the registered capital of the Joint Venture Company, and RMB2,881 million was included in the capital surplus of the Joint Venture Company. According to “紹興市城市軌道交通第一期建設規劃(2016–2021年)(Shaoxing City Urban Rail Transit Phase I Construction Plan (2016–2021)*)” issued by the PRC National Development and Reform Commission, the capital contribution for the project should account for 40% of the total investment cost. We have reviewed the investment feasibility analysis report of Shaoxing Rail PPP Project provided by the Company and are given to understand that the total capital contribution amounted to RMB7,881 million was 40% of the total estimated investment cost for the Shaoxing Rail PPP Project, which is in line with the requirement of the governmental authority.

Furthermore, according to the terms of the Joint Venture Agreement, Shaoxing Rail Group does not participate in the profit distribution of the Joint Venture Company. The profit after tax of the Joint Venture Company after making up the losses and withdrawing the provident fund shall be distributed by the Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company in proportion to their respective shareholding.

LETTER FROM VEDA CAPITAL

We are given to understand that the allocation of the capital contribution was based on the respective equity interest of each party in the Joint Venture Company. Although Shaoxing Rail Group (as the representative of the government contribution party) does not participate in the profit distribution of the Joint Venture Company and does not assume any liability arising from financing activities and guarantee for future financing, Shaoxing Rail Group will contribute its part of capital according to its equity interest.

As set out in the Joint Venture Agreement, the board of directors of the Joint Venture Company will consist of seven members, of which three directors will be recommended by Shaoxing Rail Group and Beijing Investment Company, Road and Bridge Company and the Company will each recommend one director, respectively, and will be elected through the shareholder's meeting. Another employee representative director will be elected by the employees of the Joint Venture Company through the employee representative meeting, the employee meeting or other forms of democratic election.

We have reviewed the Joint Venture Agreement and further noted that, among other things, (i) none of the shareholders of the Joint Venture Company shall withdraw any capital from the Joint Venture Company after the Joint Venture Company has been established; and (ii) the shareholders of the Joint Venture Company shall not transfer or pledge any of their respective equity interest in the Joint Venture Company from the construction period until after the fifth year of the operation period.

Having considered that (i) the scope of the Joint Venture Company is in line with the principal business of the Group; (ii) the amount of the capital contribution to be made under the Joint Venture Agreement is in line with the requirements of the governmental authority; (iii) the profit after tax of the Joint Venture Company after making up the losses and withdrawing the provident fund shall be distributed by the Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company in proportion to their respective shareholding, where Shaoxing Rail Group does not participate in the profit distribution of the Joint Venture Company; (iv) the Company is entitled to recommend one out of seven members of the board of directors of the Joint Venture Company; and (v) the restrictions under the Joint Venture Agreement would protect the Company from unexpected introduction or withdrawal of investors and secure the commitment of all parties under the Joint Venture Agreement, we are of the view that entering into the Joint Venture Agreement is in the ordinary and usual course of business of the Group, and that the terms of the Joint Venture Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM VEDA CAPITAL

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the Joint Venture Agreement is in the ordinary and usual course of business of the Group; and (ii) the terms of the Joint Venture Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of Company and the Independent Shareholders as a whole. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM in this regard.

Yours Faithfully,

For and on behalf of

Veda Capital Limited

Tina Hung

Jeannie Chan

Director

Director

Ms. Tina Hung is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 24 years of experience in investment banking and corporate finance.

Ms. Jeannie Chan is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.

* *For identification purpose only*

NOTICE OF THE 2018 ANNUAL GENERAL MEETING



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建设计发展集团股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1599)

NOTICE OF THE 2018 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting (the “AGM”) of Beijing Urban Construction Design & Development Group Co., Limited (the “Company”) will be held at Conference Room 501, 5/F, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC at 2:30 p.m. on Wednesday, 29 May 2019, to consider and, if thought fit, approve the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the Extension of the Issuance Plan of Application for the Initial Public Offering of A Shares and Listing;
2. To consider and approve the Extension of the Authorisation to the Board to Handle the Relevant Matters of the Application for Initial Public Offering of A Shares and Listing at its Absolute Discretion;
3. To consider and approve the Adjustment to the Investment Project Funded by Proceeds from the Initial Public Offering of A Shares and Feasibility Study Report;
4. To consider and approve the Expansion in Scope of Business for the Company;
5. To consider and approve the Amendments to the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited;
6. To consider and approve the Amendments to the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited;
7. To consider and approve the Resolution on Authorising the Board a General Mandate to Issue Additional Domestic Shares and/or H Shares;

NOTICE OF THE 2018 ANNUAL GENERAL MEETING

“THAT:

- (a) Subject to the following conditions, an unconditional and general mandate is granted to the Board (or Director(s) authorised by the Board) to issue, allot and deal with the additional Domestic Shares and/or H Shares in the Company’s share capital and to make or grant offers, agreements, or options in relation to such shares:
 - (i) Except that the Board may make or grant offers, agreements, or options during the Relevant Period and such offers, agreements, or options might require further action or exercise after the end of the Relevant Period, the period of such mandate shall not exceed the Relevant Period;
 - (ii) The aggregate number of Domestic Shares and/or H Shares allotted or conditionally or unconditionally agreed to be allotted (whether allotted pursuant to the options or otherwise) under the approval of the Board shall not exceed 20% of the aggregate number of Domestic Shares and/or H Shares of the Company in issue on the date of passing the relevant resolution by the Shareholders’ General Meeting; and
 - (iii) The Board (or Director(s) authorised by the Board) will exercise the power under the above mandate only under the circumstances where it is in compliance with the Company Law of the People’s Republic of China and the Hong Kong Listing Rules (both as amended from time to time) and obtains the approval from the China Securities Regulatory Commission and/or other related Chinese government authorities.
- (b) For the purpose of this proposal:

“Relevant Period” means the period from the date of the passing of this proposal until whichever is the earliest of the followings:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of 12-month period after the passing of this proposal; or
- (iii) the date on which the mandate granted under this proposal is revoked or varied by a special resolution at a shareholders’ general meeting.

NOTICE OF THE 2018 ANNUAL GENERAL MEETING

- (c) To authorise the Board (or Director(s) authorised by the Board) to formulate and implement detailed issuance plan which includes, without limitation, the pricing mechanism and/or the issue price (including a price range), the number of shares to be issued, the target subscribers and the use of proceeds; to determine the issue timing and issue period, and to decide whether to place to existing shareholders or not when exercising the above-mentioned general mandate.
- (d) To authorise the Board (or Director(s) authorised by the Board) to engage intermediaries in connection with the issue and to approve and execute all actions, deeds, documents and such other matters that are necessary, appropriate, expedient or relevant to the issue; to consider, approve and execute agreements relating to the issue on behalf of the Company, including but not limited to placing and underwriting agreements, engagement agreements with intermediaries.
- (e) To authorise the Board (or Director(s) authorised by the Board) to consider, approve and execute, on behalf of the Company, the applications and documents relating to the issue to be submitted to relevant regulatory authorities; to fulfill relevant approval procedures in accordance with the requirements of regulatory authorities and requirements at the places where the Company is listed, and to handle all necessary record, registration and filing procedures at related government authorities in China, Hong Kong and/or any other regions and jurisdictions (if applicable).
- (f) To authorise the Board (or Director(s) authorised by the Board) to make amendments to the relevant agreements and legal documents mentioned in (d) and (e) above in accordance with the requirements of domestic and foreign regulatory authorities.
- (g) To authorise the Board (or Director(s) authorised by the Board) to approve the Company to increase its registered capital correspondingly after the issue based on the Domestic Shares and/or H Shares in issue and to make relevant amendments as it thinks fit to the Articles of Association of the Company to reflect corresponding changes in the Company's registered capital, total share capital and shareholding structure.

NOTICE OF THE 2018 ANNUAL GENERAL MEETING

ORDINARY RESOLUTIONS

8. To consider and approve the connected transactions entered into with Beijing Infrastructure Investment Co., Ltd. and its subsidiaries;
9. To consider and approve the 2018 Financial Accounts Report;
10. To consider and approve the 2018 Audited Consolidated Financial Statement and Its Summary;
11. To consider and approve the 2018 Profit Distribution Plan and Recommendation on Declaration of Dividend;
12. To consider and approve the Re-appointment of Auditors for 2019 and Payment of Auditing Remuneration for 2018;
13. To consider and approve the 2019 Investment Plan;
14. To consider and approve the Report of the Board of Directors for 2018; and
15. To consider and approve the Report of the Board of Supervisors for 2018.

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Shi Yubin

Chairman

Beijing, 12 April 2019

As at the date of this notice, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Shi Yubin, Tang Shuchang, Wu Donghui, Guan Jifa, Ren Yuhang, Su Bin, Yu Xiaojun and Ren Chong; and the independent non-executive directors of the Company are Wang Dexing, Yim Fung, Sun Maozhu, Liang Qinghuai and Qin Guisheng.

NOTICE OF THE 2018 ANNUAL GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Monday, 29 April 2019 to Wednesday, 29 May 2019, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares and Domestic Shares whose names appeared on the register of members of the Company on Monday, 29 April 2019 shall be entitled to attend and vote at the AGM. Holders of H Shares of the Company who intend to attend and vote at the AGM must lodge all transfer documents accompanied by the relevant H Share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 26 April 2019 for registration.
2. The register of members of the Company will be closed from Friday, 7 June 2019 to Wednesday, 12 June 2019, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares and Domestic Shares whose names appeared on the register of members of the Company on Wednesday, 12 June 2019 shall be entitled to receive the 2018 final dividend of the Company (subject to approval of shareholders at the AGM). Holders of H Shares of the Company who intend to receive the 2018 final dividend of the Company must lodge all transfer documents accompanied by the relevant H Share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 6 June 2019 for registration.
3. A Shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote in his stead. A proxy need not be a Shareholder of the Company but must attend the AGM in person to represent the relevant Shareholder.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a corporation, the instrument must be executed either under its common seal or under the hand of its director(s) or duly authorised attorney. If the instrument is signed by an attorney of the Shareholder, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarised.
5. In order to be valid, the proxy form together with the notarised power of attorney or other documents of authorisation (if any) must be deposited at the Secretariat of the Board of Directors of the Company at 12A, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC for holders of Domestic Shares and at the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares not less than 24 hours before the time stipulated for convening the AGM (or any adjournment thereof) (as the case may be). Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the AGM (or any adjournment thereof). If no direction is given, the proxy will be entitled to vote or abstain as he or she thinks fit.
6. Holders of Domestic Shares who intend to attend the AGM in person or by proxy should complete and deposit the reply slip for attending the meeting at the Secretariat of the Board of Directors of the Company on or before Thursday, 9 May 2019 in hand, by post or by fax. Holders of H Shares who intend to attend the AGM in person or by proxy should complete and deposit the reply slip for attending the meeting at Computershare Hong Kong Investor Services Limited on or before Thursday, 9 May 2019 in hand, by post or by fax.
7. The AGM is estimated to last for about half a day. Shareholders or their proxies who attend the AGM (and any adjournment thereof) shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the AGM (and any adjournment thereof).

NOTICE OF THE FIRST DOMESTIC SHARES CLASS MEETING IN 2019



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建设计发展集团股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1599)

NOTICE OF THE FIRST DOMESTIC SHARES CLASS MEETING IN 2019

NOTICE IS HEREBY GIVEN that the First Domestic Shares Class Meeting in 2019 (the “**Domestic Shares Class Meeting**”) of Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) will be held at Conference Room 501, 5/F, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC immediately after the 2018 Annual General Meeting on Wednesday, 29 May 2019, to consider and, if thought fit, approve the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the Extension of the Issuance Plan of Application for the Initial Public Offering of A Shares and Listing; and
2. To consider and approve the Extension of the Authorisation to the Board to Handle the Relevant Matters of the Application for Initial Public Offering of A Shares and Listing at its Absolute Discretion.

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Shi Yubin

Chairman

Beijing, 12 April 2019

As at the date of this notice, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Shi Yubin, Tang Shuchang, Wu Donghui, Guan Jifa, Ren Yuhang, Su Bin, Yu Xiaojun and Ren Chong; and the independent non-executive directors of the Company are Wang Dexing, Yim Fung, Sun Maozhu, Liang Qinghuai and Qin Guisheng.

NOTICE OF THE FIRST DOMESTIC SHARES CLASS MEETING IN 2019

Notes:

1. Holders of Domestic Shares whose names appeared on the register of members of the Company on Monday, 29 April 2019 shall be entitled to attend and vote at the Domestic Shares Class Meeting.
2. A Shareholder entitled to attend and vote at the Domestic Shares Class Meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not be a Shareholder of the Company but must attend the Domestic Shares Class Meeting in person to represent the relevant Shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a corporation, the instrument must be executed either under its common seal or under the hand of its director(s) or duly authorised attorney. If the instrument is signed by an attorney of the Shareholder, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarised.
4. In order to be valid, the proxy form together with the notarised power of attorney or other documents of authorisation (if any) must be deposited at the Secretariat of the Board of Directors of the Company at 12A, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC for holders of Domestic Shares not less than 24 hours before the time stipulated for convening the Domestic Shares Class Meeting (or any adjournment thereof) (as the case may be). Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the Domestic Shares Class Meeting (or any adjournment thereof). If no direction is given, the proxy will be entitled to vote or abstain as he or she thinks fit.
5. Holders of Domestic Shares who intend to attend the Domestic Shares Class Meeting in person or by proxy should complete and deposit the reply slip for attending the meeting at the Secretariat of the Board of Directors of the Company on or before Thursday, 9 May 2019 in hand, by post or by fax.
6. The Domestic Shares Class Meeting is estimated to last for about half a day. Shareholders or their proxies who attend the Domestic Shares Class Meeting (and any adjournment thereof) shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the Domestic Shares Class Meeting (and any adjournment thereof).

NOTICE OF THE FIRST H SHARES CLASS MEETING IN 2019



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建设计发展集团股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1599)

NOTICE OF THE FIRST H SHARES CLASS MEETING IN 2019

NOTICE IS HEREBY GIVEN that the First H Shares Class Meeting in 2019 (the “**H Shares Class Meeting**”) of Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) will be held at Conference Room 501, 5/F, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC immediately after the 2018 Annual General Meeting and the First Domestic Shares Class Meeting in 2019 on Wednesday, 29 May 2019, to consider and, if thought fit, approve the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the Extension of the Issuance Plan of Application for the Initial Public Offering of A Shares and Listing; and
2. To consider and approve the Extension of the Authorisation to the Board to Handle the Relevant Matters of the Application for Initial Public Offering of A Shares and Listing at its Absolute Discretion.

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Shi Yubin

Chairman

Beijing, 12 April 2019

As at the date of this notice, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Shi Yubin, Tang Shuchang, Wu Donghui, Guan Jifa, Ren Yuhang, Su Bin, Yu Xiaojun and Ren Chong; and the independent non-executive directors of the Company are Wang Dexing, Yim Fung, Sun Maozhu, Liang Qinghuai and Qin Guisheng.

NOTICE OF THE FIRST H SHARES CLASS MEETING IN 2019

Notes:

1. The register of members of the Company will be closed from Monday, 29 April 2019 to Wednesday, 29 May 2019, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares whose names appeared on the register of members of the Company on Monday, 29 April 2019 shall be entitled to attend and vote at the H Shares Class Meeting. Holders of H Shares of the Company who intend to attend and vote at the H Shares Class Meeting must lodge all transfer documents accompanied by the relevant H Share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 26 April 2019 for registration.
2. The register of members of the Company will be closed from Friday, 7 June 2019 to Wednesday, 12 June 2019, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares whose names appeared on the register of members of the Company on Wednesday, 12 June 2019 shall be entitled to receive the 2018 final dividend of the Company (subject to approval of shareholders at the AGM). Holders of H Shares of the Company who intend to receive the 2018 final dividend of the Company must lodge all transfer documents accompanied by the relevant H Share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 6 June 2019 for registration.
3. A Shareholder entitled to attend and vote at the H Shares Class Meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not be a Shareholder of the Company but must attend the H Shares Class Meeting in person to represent the relevant Shareholder.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a corporation, the instrument must be executed either under its common seal or under the hand of its director(s) or duly authorised attorney. If the instrument is signed by an attorney of the Shareholder, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarised.
5. In order to be valid, the proxy form together with the notarised power of attorney or other documents of authorisation (if any) must be deposited at the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares not less than 24 hours before the time stipulated for convening the H Shares Class Meeting (or any adjournment thereof) (as the case may be). Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the H Shares Class Meeting (or any adjournment thereof). If no direction is given, the proxy will be entitled to vote or abstain as he or she thinks fit.
6. Holders of H Shares who intend to attend the H Shares Class Meeting in person or by proxy should complete and deposit the reply slip for attending the meeting at Computershare Hong Kong Investor Services Limited on or before Thursday, 9 May 2019 in hand, by post or by fax.
7. The H Shares Class Meeting is estimated to last for about half a day. Shareholders or their proxies who attend the H Shares Class Meeting (and any adjournment thereof) shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the H Shares Class Meeting (and any adjournment thereof).

(1) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE ISSUANCE PLAN OF APPLICATION FOR THE INITIAL PUBLIC OFFERING OF A SHARES AND LISTING

References are made to the announcement dated 29 March 2018, the circular dated 13 April 2018, and the announcement of poll results of the general meeting dated 29 May 2018 of the Company in relation to, among others, the issuance plan of application for the initial public offering of A shares and listing (the “**A Share Offering Plan**”); and the announcement of the Company dated 29 March 2019, in relation to, among others, proposed extension of the validity period of the A Share Offering Plan.

As of the Latest Practicable Date, the Company was in the progress of preparing for the issuance of A Shares. The Company will submit an application for initial public offering of A Shares and listing to the CSRC upon completion of the preparation. As the validity period of the A Share Offering Plan will expire on 28 May 2019 and the relevant work for the initial public offering of A Shares and listing is still in progress, in order to ensure the smooth process of the relevant work, the Company proposed to extend the validity period of the A Share Offering Plan for 12 months with effect from the date of approval at the AGM, the Domestic Shares Class Meeting and the H Shares Class Meeting of the Company.

None of the issuance targets will be connected persons of the Company for the issuance of A Shares.

The other contents of the A Share Offering Plan remain unchanged.

Please refer to Appendix II to this circular for details of the A Share Offering Plan.

The resolution was considered and approved at the Board meeting on 29 March 2019. It is hereby proposed to the AGM, the Domestic Shares Class Meeting and the H Shares Class Meeting for consideration and approval by way of special resolution.

(2) PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORIZATION TO THE BOARD TO HANDLE THE RELEVANT MATTERS OF APPLICATION FOR THE INITIAL PUBLIC OFFERING OF A SHARES AND LISTING AT ITS ABSOLUTE DISCRETION

References are made to the announcement dated 29 March 2018, the circular dated 13 April 2018, and the announcement of poll results of the general meeting dated 29 May 2018 of the Company, in relation to, among others, the authorization to the Board to handle the relevant matters of the application for the initial public offering of A shares and listing at its absolute discretion (the “**Authorization concerning the A Share Offering**”) granted by the general meeting; and the announcement of the Company dated 29 March 2019, in relation to, among others, proposed extension of the validity period of the Authorization concerning the A Share Offering.

As the validity period of the Authorization concerning the A Share Offering will expire on 28 May 2019 and the relevant work for the initial public offering of A shares and listing is still in progress, in order to ensure the smooth process of the relevant work, the Company proposed to extend the validity period of the Authorization concerning the A Share Offering for 12 months with effect from the date of approval at the AGM, the Domestic Shares Class Meeting and the H Shares Class Meeting of the Company.

The other contents of the Authorization concerning the A Share Offering remain unchanged.

Please refer to Appendix II to this circular for details of the Authorization concerning the A Share Offering.

The resolution was considered and approved at the Board meeting on 29 March 2019. It is hereby proposed to the AGM, Domestic Shares Class Meeting and H Shares Class Meeting for consideration and approval by way of special resolution.

(3) ADJUSTMENT TO THE INVESTMENT PROJECTS FUNDED BY PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF A SHARES AND FEASIBILITY RESEARCH REPORT

References are made to the announcement dated 29 March 2018, the circular dated 13 April 2018, and the announcement of poll results of the general meeting dated 29 May 2018 of the Company, in relation to, among others, the use of proceeds from the initial public offering of A Shares and feasibility report (the “**Use of Proceeds from the A Share Offering**”); and the announcement of the Company dated 29 March 2019, in relation to, among others, adjustment to the Use of Proceeds from the A Share Offering.

Due to the change in the need for research and development and the change in the construction site of the Company, the Company proposed to make adjustments to the implementation site and part of the construction of the investment projects funded by proceeds, and the adjustments to the Use of Proceeds from the A Share Offering are as follows:

Before changes:

No.	Investment project funded by proceeds	Investment size of the project (RMB0'000)	Amount of proceeds to be used (RMB0'000)
1	Upgrading and reconstructing project of the design centre	13,510.00	11,000.00
2	The national engineering laboratory project	11,707.00	9,000.00
3	The construction of the R&D base project	22,235.00	22,000.00
4	The supplement to working capital project	18,000.00	18,000.00
Total		65,452.00	60,000.00

After changes:

No.	Investment project funded by proceeds	Investment size of the project (RMB0'000)	Amount of Proceeds Proposed to be Used (RMB0'000)
1	Upgrading and reconstructing project of the design centre	13,510.00	11,000.00
2	The national engineering laboratory project	11,707.00	9,000.00
3	The construction of the R&D base project	27,237.57	27,000.00
4	The supplement to working capital project	13,000.00	13,000.00
Total		65,454.57	60,000.00

Due to the changes in the aforementioned investment projects funded by proceeds, the Company has made corresponding adjustments to the “Feasibility Research Report on Investment Projects Funded by Proceeds from Initial Public Offering of A Shares and Listing of Beijing Urban Construction Design & Development Group Co., Limited”, please refer to Appendix III to this circular for details.

The resolution was considered and approved at the Board meeting on 29 March 2019. It is hereby proposed to the AGM for consideration and approval by way of special resolution.

(4) PROPOSED INCREASE IN SCOPE OF BUSINESS OF THE COMPANY

In view of the need for the Company to purchase and sell rail transit equipment in Part B of the PPP Project of Kunming Metro Line 4 and the need to issue special value added tax invoices for the corresponding tax categories when collecting fees in the future, the Company proposed to increase the corresponding scope of corporate business.

The current scope of business of the Company is as follows:

“Licensed business items: Engineering survey; Engineering design; Engineering consulting; Engineering cost consulting; Internet information services; Foreign labour service cooperation; General contractor, specialist contractor, and labour subcontractor; Construction design review; Planning and management; Technology development and transfer; Investment Management; Sales of machinery and equipment; Property Management; Import and export of goods and technology; Agency for import and export; design, manufacture, agency and advertising.”

The scope of business of the Company after increase is as follows:

“Engineering survey; Engineering design; Engineering consulting; Engineering cost consulting; Internet information services; Foreign labour service cooperation; General contractor, specialist contractor, and labour subcontractor; Construction design review; Planning and management; Technology development and transfer; Investment Management; Sales of machinery and equipment; Property Management; Import and export of goods and technology; Agency for import and export; design, manufacture, agency and advertising; Educational consultation; Organization of technical exchange activities; Hosting exhibition and presentation activities; Conference services; Economic and trade consultation; Product design; R&D, design, repair, sales, leasing and technical services for railway rolling stock (including Electric Multiple Units), urban rail transit vehicles, engineering machinery, various types of electromechanical equipment, electronic equipment and parts, electronic appliances and environmental protection equipment products.”

Upon approval at the AGM, the increased scope of business of the Company shall take effect from the date of consideration and approval at the AGM.

The resolution was considered and approved at the Board meeting on 29 March 2019. It is hereby proposed to the AGM for consideration and approval by way of special resolution.

(5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In view of the business development needs of the Company and the amendments to the provisions of the Corporate Governance Code and the relevant Listing Rules by the Hong Kong Stock Exchange, the Company proposed to make amendments to the existing Articles of Association of the Company. Details of the amendments are as follows:

Existing Articles	Amended Articles
CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS	CHAPTER II OBJECTIVES AND SCOPE OF BUSINESS
Article 14. The scope of business of the Company shall be based on the items approved by the examination and approval department subject to the examination and approval by the administration authority for industry and commerce.	Article 14. The scope of business of the Company shall be based on the items approved by the examination and approval department subject to the examination and approval by the administration authority for industry and commerce.

Existing Articles	Amended Articles
<p>The Company's scope of business includes: Licensed business items: Engineering survey; Engineering design; Engineering consulting; Engineering cost consulting; Internet information services; Foreign labour service cooperation; General contractor, specialist contractor, and labour subcontractor; Construction design review; Planning and management; Technology development and transfer; Investment Management; Sales of machinery and equipment; Property Management; Import and export of goods and technology; Agency for import and export; design, manufacture, agency and advertising. (After obtaining such license, an administrative approval shall be obtained from the housing and urban-rural construction committee. Enterprise is allowed to choose the business to be engaged in and carry out such business activities pursuant to laws. For business items for which approvals are required under the laws, they can be carried out after obtaining approval from relevant authorities. No business activities which are prohibited and restricted by the industrial policies of the municipality shall be carried out.)</p>	<p>The Company's scope of business includes: Licensed business items: Engineering survey; Engineering design; Engineering consulting; Engineering cost consulting; Internet information services; Foreign labour service cooperation; General contractor, specialist contractor, and labour subcontractor; Construction design review; Planning and management; Technology development and transfer; Investment Management; Sales of machinery and equipment; Property Management; Import and export of goods and technology; Agency for import and export; design, manufacture, agency and advertising; <u>Educational consultation; Organization of technical exchange activities; Hosting exhibition and presentation activities; Conference services; Economic and trade consultation; Product design; R&D, design, repair, sales, leasing and technical services for railway rolling stock (including Electric Multiple Units), urban rail transit vehicles, engineering machinery, various types of electromechanical equipment, electronic equipment and parts, electronic appliances and environmental protection equipment products.</u> (After obtaining such license, an administrative approval shall be obtained from the housing and urban-rural construction committee. Enterprise is allowed to choose the business to be engaged in and carry out such business activities pursuant to laws. For business items for which approvals are required under the laws, they can be carried out after obtaining approval from relevant authorities. No business activities which are prohibited and restricted by the industrial policies of the municipality shall be carried out.)</p>

Existing Articles	Amended Articles
<p>The Company may, pursuant to the demand of the domestic and international markets, its own development capabilities and business needs, change the scope of business in accordance with the laws.</p>	<p>The Company may, pursuant to the demand of the domestic and international markets, its own development capabilities and business needs, change the scope of business in accordance with the laws.</p>
CHAPTER XI BOARD OF DIRECTORS	CHAPTER XI BOARD OF DIRECTORS
<p>Article 107. The board of directors shall hold at least four regular meetings each year. Board meeting shall be convened by the chairman of the board of directors. Notice of meeting will be served to all directors, supervisors and the general manager at least fourteen days before the meeting is held. The requirement on the notice period is not applicable to extraordinary board meetings, but a reasonable notice should be served to all directors, supervisors and the general manager.</p> <p>The Company shall hold an annual meeting of non-executive directors only (including independent non-executive directors) that the chairman shall preside over to review the operational conditions of the Company independently.</p>	<p>Article 107. The board of directors shall hold at least four regular meetings each year. Board meeting shall be convened by the chairman of the board of directors. Notice of meeting will be served to all directors, supervisors and the general manager at least fourteen days before the meeting is held. The requirement on the notice period is not applicable to extraordinary board meetings, but a reasonable notice should be served to all directors, supervisors and the general manager.</p> <p>The Company shall hold an annual meeting of non-executive directors only (including independent non-executive directors) <u>only</u> that the chairman shall preside over to review the operational conditions of the Company independently.</p>

Existing Articles	Amended Articles
Extraordinary board meetings may be convened under one of the following circumstances:	Extraordinary board meetings may be convened under one of the following circumstances:
(1) the chairman of the board of directors deems necessary;	(1) the chairman of the board of directors deems necessary;
(2) jointly demanded by more than one-third of the directors;	(2) jointly demanded by more than one-third of the directors;
(3) demanded by the supervisory board;	(3) demanded by the supervisory board;
(4) demanded by the shareholders representing more than one-tenth of the voting rights;	(4) demanded by the shareholders representing more than one-tenth of the voting rights;
(5) demanded by more than one-half of the independent directors;	(5) demanded by more than one-half of the independent directors;
(6) demanded by the general manager;	(6) demanded by the general manager;
(7) demanded by the Party Committee (Standing Committee).	(7) demanded by the Party Committee (Standing Committee).
The chairman of the board of directors shall convene and preside over a board meeting within ten days upon receipt of any demand.	The chairman of the board of directors shall convene and preside over a board meeting within ten days upon receipt of any demand.

The proposed amendments amended a total of two articles. Except for the above proposed amendments, the contents of other articles of the Articles of Association remain unchanged.

Upon approval at the AGM, the amended Articles of Association shall take effect and be implemented from the date of consideration and approval at the AGM. Prior to the approval of the relevant resolution at the AGM, the current Articles of Association shall remain valid.

(6) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE FOR THE BOARD

Combining with the actual needs of the Company and in accordance with the amendments to the provisions of the Corporate Governance Code and the relevant Listing Rules by the Hong Kong Stock Exchange, the Company proposed to amend the Rules of Procedure for the Board. Details of the amendments are as follows:

Existing Articles	Amended Articles
CHAPTER VI CONVENING OF BOARD MEETINGS	CHAPTER VI CONVENING OF BOARD MEETINGS
Article 18. The board of directors shall hold at least four regular meetings each year. Board meeting shall be convened by the chairman of the board of directors. Notice of regular meetings will be served to all directors, supervisors and the general manager at least fourteen days before the meeting is held. The requirement on the notice period is not applicable to extraordinary board meetings, but a reasonable notice should be served to all directors, supervisors and the general manager.	Article 18. The board of directors shall hold at least four regular meetings each year. Board meeting shall be convened by the chairman of the board of directors. Notice of regular meetings will be served to all directors, supervisors and the general manager at least fourteen days before the meeting is held. The requirement on the notice period is not applicable to extraordinary board meetings, but a reasonable notice should be served to all directors, supervisors and the general manager.
The Company shall hold one meeting with non-executive directors only (including independent non-executive directors) each year that the chairman shall preside over to review the operational conditions of the Company independently.	The Company shall hold one meeting with non-executive directors only (including independent non-executive directors) <u>only</u> each year that the chairman shall preside over to review the operational conditions of the Company independently.

The proposed amendments amended a total of one article. Except for the above proposed amendments, the contents of other articles of the Rules of Procedure for the Board remain unchanged.

Upon approval at the AGM, the amended Rules of Procedure for the Board shall take effect and be implemented from the date of consideration and approval at the AGM. Prior to the approval of the relevant resolution at the AGM, the existing Rules of Procedure for the Board shall remain valid.

(7) PROPOSAL ON GRANTING THE BOARD A GENERAL MANDATE TO ISSUE DOMESTIC SHARES AND/OR H SHARES

In order to meet the development needs of the Company after listing of the Company, it is proposed to the AGM by way of special resolution for consideration and approval of the granting of a general mandate to the Board (or Director(s) authorized by the Board) to issue Domestic Shares and/or H Shares during the Relevant Period (as defined below). Details of the general mandate are set out as follows:

- (a) Subject to the following conditions, an unconditional and general mandate is granted to the Board (or Director(s) authorized by the Board) to issue, allot and deal with the additional Domestic Shares and/or H Shares in the Company's share capital and to make or grant offers, agreements, or options in relation to such shares:
 - (i) Except that the Board may make or grant offers, agreements, or options during the Relevant Period and such offers, agreements, or options might require further action or exercise after the end of the Relevant Period, the period of such mandate shall not exceed the Relevant Period;
 - (ii) The aggregate number of Domestic Shares and/or H Shares allotted or conditionally or unconditionally agreed to be allotted (whether allotted pursuant to the options or otherwise) under the approval of the Board shall not exceed 20% of the aggregate number of Domestic Shares and/or H Shares of the Company in issue on the date of passing the relevant resolution at the general meeting; and
 - (iii) The Board (or Director(s) authorized by the Board) shall exercise the power under the above mandate only under the circumstances where it is in compliance with the Company Law of the People's Republic of China and the Listing Rules (both as amended from time to time) and obtains the approval from the CSRC and/or other related Chinese government authorities.

- (b) For the purpose of this proposal:

“Relevant Period” means the period from the date of the passing of this proposal until whichever is the earliest of the followings:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of 12-month period after the passing of this proposal; or
 - (iii) the date on which the mandate granted under this proposal is revoked or varied by a special resolution at a shareholders’ general meeting.
- (c) To authorize the Board (or Director(s) authorized by the Board) to formulate and implement detailed issuance plan including but not limited to the pricing mechanism and/or the issue price (including a price range), the number of shares to be issued, the target subscribers and the use of proceeds; to determine the issue timing and issue period, and to decide whether to place to existing shareholders or not when exercising the above-mentioned general mandate.
- (d) To authorize the Board (or Director(s) authorized by the Board) to engage intermediaries in connection with the issue and to approve and execute all actions, deeds, documents and such other matters that are necessary, appropriate, expedient or relevant to the issue; to consider, approve and execute agreements relating to the issue on behalf of the Company, including but not limited to placing and underwriting agreements, engagement agreements with intermediaries.
- (e) To authorize the Board (or Director(s) authorized by the Board) to consider, approve and execute, on behalf of the Company, the applications and documents relating to the issue to be submitted to relevant regulatory authorities; to fulfill relevant approval procedures in accordance with the requirements of regulatory authorities and requirements at the places where the Company is listed, and to handle all necessary archiving, registration and filing procedures at related government authorities in China, Hong Kong and/or any other regions and jurisdictions (if applicable).
- (f) To authorize the Board (or Director(s) authorized by the Board) to make amendments to the relevant agreements and legal documents mentioned in (d) and (e) above in accordance with the requirements of domestic and foreign regulatory authorities.

- (g) To authorize the Board (or Director(s) authorized by the Board) to approve the Company to increase its registered capital correspondingly after the issue based on the Domestic Shares and/or H Shares in issue and to make relevant amendments as it thinks fit to the Articles of Association to reflect corresponding changes in the Company's registered capital, total share capital and shareholding structure.

(8) PROPOSED CONNECTED TRANSACTIONS WITH BEIJING INVESTMENT COMPANY AND ITS SUBSIDIARIES

Reference is made to the announcement of the Company dated 29 March 2019 in relation to a connected transaction regarding a Joint Venture Agreement proposed to be entered into and establishment of a Joint Venture Company by the Company with Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group. Details of the transaction are as follows:

1. Background

On 29 March 2019, the Board considered and approved the resolution in relation to the Company's participation in the investment of PPP project of Shaoxing Urban Rail Transit Line 1, pursuant to which, among other things, the Company proposed to enter into a Joint Venture Agreement with Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group to jointly establish a Joint Venture Company to implement the Shaoxing Rail PPP Project.

According to the Joint Venture Agreement, the total contribution amount of the Joint Venture Company amounted to RMB7,881 million, among which, the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group will contribute RMB603 million, RMB2,793 million, RMB20 million, RMB603 million and RMB3,862 million and each of them will own 7.65%, 35.445%, 0.255%, 7.65% and 49% of the equity interest in the Joint Venture Company, respectively.

2. The Joint Venture Agreement Proposed to be Entered into

The principal terms of the Joint Venture Agreement proposed to be entered into among the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group are summarised as follows:

Parties

The Company;

Beijing Investment Company;

Beijing Vehicle Company;

Road and Bridge Company; and

Shaoxing Rail Group (as the representative of the government contribution party).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Road and Bridge Company and Shaoxing Rail Group and each of their ultimate beneficial owners are third parties independent of the Company and its connected persons. As at the Latest Practicable Date, Beijing Investment Company, which held the Domestic Shares and H Shares in aggregate accounting for 11.57% of the total issued Shares of the Company, is one of the substantial shareholders of the Company, constituting a connected person under Chapter 14A of the Listing Rules. Beijing Vehicle Company is a wholly-owned subsidiary of Beijing Investment Company, constituting a connected person of the Company under Chapter 14A of the Listing Rules.

Scope of Business

The scope of business of the Joint Venture Company mainly includes: construction and management of urban rail transit engineering, housing construction engineering, municipal public engineering, foundation and infrastructure engineering involved in Shaoxing Urban Rail Transit Line 1; construction, operation and management of parking lots along Shaoxing Urban Rail Transit Line 1; operation and management of Shaoxing Urban Rail Transit Line 1; comprehensive development, resource development and operation of lands along the Shaoxing Urban Rail Transit Line 1; construction management and asset operation related to Shaoxing Urban Rail Transit Line 1 project (subject to the scope of business agreed by each shareholder and approval from the industrial and commercial registration authority).

Contribution Amount

Total contribution amount was RMB7,881 million, among which RMB5,000 million was included in the registered capital of the Joint Venture Company, and RMB2,881 million was included in the capital surplus of the Joint Venture Company.

The capital contributions to be made by the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group under the Joint Venture Agreement have been determined after arm's length negotiations among each party, with reference to the proposed capital requirement of the Shaoxing Rail PPP Project and the equity interest of each party in the Joint Venture Company. The capital contributions to be made by the Company under the Joint Venture Agreement are from its self-raised funds and part of its own funds. In respect of the Joint Venture Company, the Company has a 7.65% shareholding, and is therefore classified as a stock-participating company with no significant influence. Equity investments in the Joint Venture Company will be accounted for by the Company as financial assets and measured at fair value under IFRS9 Financial Instruments. The Joint Venture Company has not been established as of the Latest Practicable Date.

Shareholding Structure

- (1) RMB603 million to be contributed in cash by the Company, among which RMB383 million was included in the registered capital, and RMB220 million was included in the capital surplus, holding 7.65% equity interest in the Joint Venture Company;
- (2) RMB2,793 million to be contributed in cash by Beijing Investment Company, among which RMB1,772 million was included in the registered capital, and RMB1,021 million was included in the capital surplus, holding 35.445% equity interest in the Joint Venture Company;
- (3) RMB20 million to be contributed in cash by Beijing Vehicle Company, among which RMB13 million was included in the registered capital, and RMB7 million was included in the capital surplus, holding 0.255% equity interest in the Joint Venture Company;
- (4) RMB603 million to be contributed in cash by Road and Bridge Company, among which RMB383 million was included in the registered capital, and RMB220 million was included in the capital surplus, holding 7.65% equity interest in the Joint Venture Company; and

- (5) RMB3,862 million to be contributed in cash by Shaoxing Rail Group, among which RMB2,450 million was included in the registered capital, and RMB1,412 million was included in the capital surplus, holding 49% equity interest in the Joint Venture Company.

Profit Distribution

Shaoxing Rail Group does not participate in the profit distribution of the Joint Venture Company. The profit after tax of the Joint Venture Company after making up the losses and withdrawing the provident fund shall be distributed to the Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company in proportion to their respective shareholding.

Structure of Organization

The board of directors of the Joint Venture Company consists of seven members, of which three directors will be recommended by Shaoxing Rail Group. Beijing Investment Company, Road and Bridge Company and the Company will recommend one director, respectively, and will be elected through the shareholders' meeting. Another employee representative director will be elected by the employees of the Joint Venture Company through the employee representative meeting, the employee meeting or other forms of democratic election. The board of directors of the Joint Venture Company shall consist of one chairman, who shall be elected by the board of directors. The term of office of a director is three years. A director may be re-elected upon the expiry of the term of office.

The board of supervisors of the Joint Venture Company consists of three supervisors, of which a supervisor will be recommended by Shaoxing Rail Group, a supervisor will be recommended by the Beijing Investment Company, respectively, and will be elected through the shareholders' meeting. Another employee representative supervisor will be elected by the employees of the Joint Venture Company through the employee representative meeting, the employee meeting or other forms of democratic election. The board of supervisors of the Joint Venture Company shall consist of one chairman, who shall be elected by more than half of all the supervisors. The term of office of a supervisor is three years. A supervisor may be re-elected upon the expiry of the term of office.

Future Financing

Capital contributions beyond the total contribution amount will be principally financed by the Joint Venture Company. The Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company shall organize and complete the project financing. Shaoxing Rail Group does not assume any liability arising from financing activities and guarantee. If Joint Venture Company fails to obtain sufficient debt funds required for the Shaoxing Rail PPP Project on time, which has or may affect the construction and operation of the project, the Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company are obliged to adopt measures including guarantee, new issuance, borrowings from shareholders or other lawful means to ensure sufficient fund.

3. Reasons for and Benefits of Entering into the Joint Venture Agreement

Shaoxing Rail PPP Project is conducive to facilitating the needs for the Company to enhance profitability and is beneficial to the market expansion and integration of the industry chain of the Company.

The Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement proposed to be entered into is in the ordinary and usual course of business of the Company and on normal commercial terms after arm's length negotiations among the parties, and the terms and conditions of the agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

4. Information on the Shaoxing Rail PPP Project

Shaoxing Rail PPP Project refers to the PPP project of the construction, operation management and transfer of the Shaoxing Urban Rail Transit Line 1. Shaoxing Urban Rail Transit Line 1 is an important channel connecting Hangzhou and Shaoxing, and runs through the Hangzhou-Shaoxing intercity line. The total length of the Shaoxing Rail PPP Project is 34.1 km.

According to the agreement of Shaoxing Rail PPP Project, the periods for construction and operation of Shaoxing Rail PPP Project are 4 years and 26 years, respectively. The Joint Venture Company proposed to enter into the agreement of Shaoxing Rail PPP Project with relevant government authorities, according to which the Joint Venture Company will be authorized to manage and operate the Shaoxing Rail PPP Project.

5. Information on the Parties

The Company is mainly engaged in design, survey and consultancy business for urban rail transit engineering, industrial and civil construction and municipal engineering as well as construction contracting business for urban rail transit engineering.

Beijing Investment Company is a wholly state-owned enterprise established as a limited liability company, which is principally engaged in the investment and financing of the infrastructure projects such as rail transit, as well as its pre-establishment planning, capital management, and the exploitation and management of relative resources.

The principal business of Beijing Vehicle Company, a wholly-owned subsidiary of Beijing Investment Company, includes manufacture of urban rail transit vehicles, equipment and parts.

The principal business of Road and Bridge Company includes manufacture of building materials; EPC of highway construction; investment, development, operation, design and construction of infrastructure. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Road and Bridge Company and its beneficial owner are third parties independent of the Group and its connected persons.

The principal business of Shaoxing Rail Group includes construction, operation and management of rail transit, as well as closed operation of land lots authorized by the municipal government. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shaoxing Rail Group and its beneficial owner are third parties independent of the Group and its connected persons.

6. Implications of the Listing Rules

As of the Latest Practicable Date, the Domestic Shares and H Shares of the Company held by Beijing Investment Company in aggregate accounted for 11.57% of the total issued Shares of the Company. Beijing Investment Company is one of the substantial shareholders of the Company and constitutes a connected person under Chapter 14A of the Listing Rules. Beijing Vehicle Company is a subsidiary of Beijing Investment Company and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. The transactions between Beijing Investment Company and/or its subsidiaries and the Company constitute connected transactions under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Joint Venture Agreement constitute the connected transactions of the Company.

As the highest applicable percentage ratios in respect of the relevant transactions contemplated under the Joint Venture Agreement exceed 5%, the transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Guan Jifa serves as the deputy general manager of Beijing Investment Company and Mr. Ren Yuhang serves as the general manager of capital operation department and director of overseas corporation office of Beijing Investment Company, they are deemed to be materially interested in the Joint Venture Agreement, and therefore, they have abstained from voting on the relevant resolutions at the Board meeting. Save as mentioned above, none of the other Directors has material interests in the above agreement and thus is required to abstain from voting on the relevant resolutions at the Board meeting.

(9) FINANCIAL REPORT FOR 2018

On 29 March 2019, the Financial Report for 2018 of the Company (see Appendix IV to this circular for details) was considered and passed at the meeting of the Board, and is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

(10) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR OF 2018 AND ITS SUMMARY

The audited consolidated financial statements and its summary for the year ended 31 December 2018 of the Company are set out in the 2018 Annual Report of the Company. On 29 March 2019, the resolution relating to the audited consolidated financial statements and its summary for the year ended 31 December 2018 was considered and passed at the meeting of the Board, and is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

(11) 2018 PROFIT DISTRIBUTION PLAN AND DIVIDEND DECLARATION PROPOSAL

According to the International Financial Reporting Standards, the net profit attributable to the Shareholders of the Company for 2018 was RMB562,382,170.10. After the appropriations to the statutory surplus reserve according to the requirement of relevant law, the proposed profit distribution plan of the Company for 2018 is to distribute a cash dividend of RMB0.1102 (tax inclusive) per Share on the base of the total Share capital of the Company as at 31 December 2018 of 1,348,670,000 Shares, totaling approximately RMB148,623,434.00.

On 29 March 2019, the resolution was considered and passed at the meeting of the Board, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

In order to determine the list of Shareholders entitled to dividends, the register of members of the Company will be closed from Friday, 7 June 2019 to Wednesday, 12 June 2019, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares and Domestic Shares whose names appeared on the register of members of the Company on Wednesday, 12 June 2019 shall be entitled to receive the 2018 final dividend of the Company (subject to approval of Shareholders at the AGM). Dividends shall be paid to Shareholders within three months upon approval at the 2018 AGM.

(12) RE-APPOINTMENT OF AUDITORS FOR 2019 AND PAYMENT OF THE AUDITING SERVICE FEE FOR 2018

The aggregating expenses relating to the auditing services and other related services conducted and provided by Ernst & Young engaged by the Company in 2018 were RMB3.38 million, which included the payments of RMB2.55 million and RMB0.83 million respectively incurred in auditing the annual financial statements of 2018 and reviewing the interim financial statements of 2018.

The Board has proposed to re-appoint Ernst & Young as the external auditors of the Company for 2019 to audit the annual financial statements of 2019 prepared by the Company in accordance with International Accounting Standards, and to review the interim financial statements for the six months ending 30 June 2019 in compliance with the International Accounting Standards.

On 29 March 2019, the resolution was considered and passed at the meeting of the Board, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

(13) 2019 INVESTMENT PLAN

The Company plans to complete investment of RMB5.6315 billion for the year 2019 and has drafted the 2019 Investment Plan (see Appendix V to this circular for details). On 29 March 2019, the resolution was considered and passed at the meeting of the Board, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

(14) REPORT OF THE BOARD OF DIRECTORS FOR 2018

The Board has prepared the Report of the Board of Directors for 2018 (see Appendix VI to this circular for details) as required by the Company Law and the Articles of Association. On 29 March 2019, the resolution was considered and passed at the meeting of the Board, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

(15) REPORT OF THE BOARD OF SUPERVISORS FOR 2018

The Board of Supervisors has prepared the Report of the Board of Supervisors for 2018 (see Appendix VII to this circular for details) as required by the Company Law and the Articles of Association. On 29 March 2019, the resolution was considered and passed at the meeting of the Board of Supervisors, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

(1) APPLICATION FOR THE INITIAL PUBLIC OFFERING OF A SHARES AND LISTING

In order to enhance the development of the Company, raise the necessary proceeds for future development of the Company, and lead the Company to enter the new stage of development, the Company currently proposes to apply for initial public offering of Renminbi ordinary shares and listing. According to the requirements of relevant laws and regulations including the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Administrative Measures of Initial Public Offering of Shares and Listing (《首次公開發行股票並上市管理辦法》) and relevant regulatory documents, as well as integrating the actual conditions of the Company, the issue plan of the public issuance to be proposed is specified as follows:

1. Type of shares: the shares to be issued are Renminbi ordinary shares (A Shares).
2. Nominal value per share: the nominal value of the share to be issued amounts to RMB1.00.
3. The number of issuance: the number of public issuance of shares amounts to not more than 149,860,000 Shares. The ultimate number of issuance will be negotiated by the Board and the lead underwriters as authorized by the shareholders' general meeting of the Company in accordance with the capital needs of the Company and the actual conditions in the market, and will be determined upon final approval of the CSRC. In the event that there are ex-right matters such as bonus shares and capital reserve capitalization, then the number of shares to be issued will be adjusted accordingly.
4. Pricing method: issue price is determined based on the factors including the reference to condition of inquiries to the inquiry targets by the Board and the lead underwriters and comprehensive consideration of the proceeds plan of the Company, the results of the Company and the market conditions, or the issue price is determined by adopting other methods recognized by the CSRC.

5. Minimum issue price and the applicable basis

(1) Minimum issue price

According to the relevant provisions of the Company Law of the People's Republic of China, the issue price of A shares shall not be lower than the nominal value of shares, i.e. RMB1/share; in addition, in accordance with the relevant provisions of the state-owned assets supervision and administration department, the issue price of A shares of the state-holding companies shall not be lower than the latest net assets per share. According to the 2018 annual financial report of the Company, as of 31 December 2018, net assets per Share of the Company was RMB3.40. To sum up, the issue price of A Shares of the Company shall not be lower than RMB3.40/Share.

(2) The applicable basis for the determination of the minimum issue price

In accordance with the relevant provisions of the Measures on the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》), the issue price of the company's initial public issuance of shares can be determined either by way of price enquiry to offline investors, or by other legitimate and feasible methods such as independent negotiation between the issuer and the lead underwriter. The issuer and the lead underwriter shall disclose the pricing method of the issuance of shares in the prospectus and the announcement in relation to the issuance. Pursuant to Article 127 of the Company Law of the People's Republic of China, the issue price of shares can be either equals to or higher than the nominal value, but not be lower than the nominal value. In addition, in accordance with the relevant provisions of the Notice of the State-owned Assets Supervision and Administration Commission of the State Council Forwarded by the General Office of the State Council on Opinions Regarding the Regulation of the Reform of State-owned Enterprises (Guo Ban Fa [2003] No. 96) (《國務院辦公廳轉發國務院國有資產監督管理委員會關於規範國有企業改制工作意見的通知》)(國辦發[2003]96號), the issue price of A Shares of the Company shall not be lower than the net assets per Share.

6. Issuance method: adopting the method of combining placement of shares to targets through offline price inquiry and an issuance of shares through online subscriptions, or other issuance methods recognized by the CSRC. If there is adjustment to the laws, regulations or policy documents of relevant issuance method, the method will be adjusted accordingly.

7. Conditions precedent of the issuance: the issuance of the Company is subject to the performance of the following procedures:

- (1) approval of the general meeting and the class meetings of the Company;
- (2) approval of the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員); and
- (3) approval of the China Securities Regulatory Commission.

In addition, the Company shall concurrently comply with the relevant provisions on the initial public issuance of Renminbi ordinary shares (A Shares) and the state-owned assets supervision and administration as amended from time to time.

8. Issuance targets: qualified price inquiry targets and natural persons, legal persons and other institutional investors (saved for prohibited subscribers according to national laws, administrative regulations, departmental rules, normative documents and other regulatory requirements which shall be complied with by the Company) who hold a securities account of Renminbi ordinary shares (A Shares) from the Shanghai branch of China Securities Depository and Clearing Corporation Limited.
9. Undertaking of issuance fees: all fees incurred from the issuance shall be undertaken by the Company.
10. Underwriting method: standby commitment.
11. The sponsor and lead underwriter of the issuance: the Company has engaged CITIC Securities Co., Ltd. as the sponsor and lead underwriter of the issuance. To the Directors' knowledge, information and belief and having made all reasonable enquiries, CITIC Securities Co., Ltd. is an independent third party of the Company and its connected persons.

12. Distribution plan for accumulated profits prior to the issuance: according to the progress of the issuance and listing, prior to the completion of issuance and listing, the Board may propose the profits distribution plan based on the audit conditions for the period, and implement upon proposing to the shareholders' general meeting of the Company for consideration and approval. After deducting the profits proposed to be distributed as resolved and approved at the shareholders' general meeting of the Company prior to the issuance and listing, the accumulated undistributed profits in the initial public offering of A Shares and listing of the Company are shared by new and old shareholders, including holders of A Shares and H Shares, upon completion of the issuance based on the shareholding ratios after the issuance.
13. Place of listing: the place of listing of the A Shares of the Company is the Shanghai Stock Exchange.
14. Conversion to a joint stock company with shares raised domestically and overseas and listing: based on the issuance and listing plan, and integrating the actual conditions of the Shares issued by the Company in the H Share market, the Company will be converted to a listed joint stock company with limited liability with Shares raised domestically and overseas.
15. Valid period of resolution: valid within 12 months from the date of the resolution considered and approved at the AGM, Domestic Shares Class Meeting and H Shares Class Meeting.

(2) AUTHORIZATION OF THE BOARD TO HANDLE THE RELEVANT MATTERS OF THE APPLICATION FOR INITIAL PUBLIC OFFERING OF A SHARES AND LISTING AT ITS ABSOLUTE DISCRETION

In order to legitimately and effectively complete the matters of issuance and listing of the Company, and according to the relevant requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other laws and regulations as well as the Articles of Association, the Company hereby proposes to submit to the AGM and Class Meetings to authorize the Board, which authorizes any Directors (individually or jointly) or the persons designated by the Directors to handle all relevant matters of the issuance and listing of the Company at their absolute discretion. The scope of authorization includes but not limited to:

1. Based on the issuance and listing plan considered and approved at the shareholders' general meeting and class meetings, according to the relevant requirements of the national laws, administrative regulations, departments rules, normative documents and securities regulatory department, and integrating the actual conditions of the Company to be responsible for establishing and implementing the specific plan of the issuance and listing of the Company at its absolute discretion (including but not limited to the commencement and expiry date of the issuance, specific number of issuance, pricing method, issuance method, issuance targets, issue price, ratio of online and offline issuance, specific application and subscription method and other matters in relation to the issuance and listing);
2. To handle application matters in relation to the issuance and listing, including but not limited to handling review, registration, filing, approval, consent and authorization from government authorities, regulatory departments, the stock exchange and securities registration and settlement authorities, and establish, execute, submit, amend, supplement, implement and lodge the agreements, contracts or various necessary documents in relation to the issuance and listing of the Company, including but not limited to letter of intent, prospectus, sponsorship agreement, undertaking agreement, various announcements and shareholders' notices/circulars, as well as various explanatory statement or letter of undertaking as stipulated by relevant regulatory departments;
3. Engagement of relevant intermediaries and determination of its professional service fees as well as execution of engagement or appointment agreement;
4. If relevant laws, administrative regulations, departmental rules, listing rules, normative documents and relevant regulatory requirements implement new requirements and policies on the issuance and listing of the Company, the Board is authorized to perform corresponding adjustment to the issuance and listing plan in accordance with the new requirements and policies;
5. According to the actual implementation, market condition, amendment to the laws and regulations, policy adjustment and opinions of regulatory departments of the issuance and listing, adequate adjustments are made to the specific arrangement for the issuance and listing plan, use of proceeds, proceeds investment projects of the issuance and listing, including but not limited to the adjustments to actual investment amount and implementation progress of proceeds investment projects, as well as execution of material agreements or contracts in the course of operation of proceeds investment projects and publishing of relevant announcements, if applicable;

6. Handling of relevant work in relation to the state-owned equity interest management in accordance with the requirements of relevant laws, administrative regulations, departmental rules, listing rules, normative documents and the requirements of relevant government authorities and regulatory departments;
7. Upon the completion of issuance and listing of the Company, and according to the actual circumstances of the Company concerning the issuance of A Shares, amending relevant terms of the Articles of Association (draft) of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司章程(草案)》) applicable upon listing of the Company and handling registration of industrial and commercial changes and other relevant matters;
8. Upon the completion of issuance and listing of the Company, application for handling the initial registration of A Shares in the issuance within the period as stipulated by China Securities Depository and Clearing Corporation Limited and the listing circulation, circulation lock-up and other relevant matters in the Shanghai Stock Exchange;
9. Handling changes, filing and registration procedures of industry and commerce and other relevant government authorities in relation to the issuance and listing of the Company;
10. Handling all other matters not specified above but related to the issuance and listing as considered by the Board.

The valid period of the authorization is 12 months upon consideration and approval of the resolution at the AGM, Domestic Shares Class Meeting and H Shares Class Meeting.

**FEASIBILITY RESEARCH REPORT ON INVESTMENT PROJECTS
FUNDED BY PROCEEDS FROM INITIAL PUBLIC OFFERING OF
A SHARES AND LISTING OF BEIJING URBAN CONSTRUCTION
DESIGN & DEVELOPMENT GROUP CO., LIMITED**

Beijing Urban Construction Design & Development Group Co., Limited (“**Urban Construction Design**” or the “**Company**”) plans to apply for public offering of A shares and listing on the Shanghai Stock Exchange, with proceeds from this public issuance totaling RMB600 million (including issuing expenses). Proceeds after deduction of issuing expenses will be used in investment projects related to principal business of the Company, which will be detailed as below:

No.	Investment project funded by proceeds	Investment size of the project (RMB'0,000)	Amount of proceeds to be used (RMB'0,000)
1	Upgrading and reconstructing project of the design centre	13,510.00	11,000.00
2	The national engineering laboratory project	11,707.00	9,000.00
3	The construction of the R&D base project	27,237.57	27,000.00
4	The supplement to working capital project	13,000.00	13,000.00
Total		<u>65,454.57</u>	<u>60,000.00</u>

Before receiving these proceeds, the Company may allocate self-raised funds to these projects according to their actual progress. When the proceeds are fully received, they will be used to replace the previous investments and to finance the remaining project costs. If the actual proceeds raised from this offering cannot meet the capital needs of the projects, the Company will make up the shortfall with self-raised funds.

I. UPGRADING AND RECONSTRUCTING PROJECT OF THE DESIGN CENTRE**(I) Project Introduction**

The upgrading and reconstructing project of the design centre involves reconstruction and expansion of relevant workplace and buildings of the design center, which mainly includes upgrading and reconstruction of two existing office buildings, construction of rail transit technology showroom, back office building, basement restaurant and underground parking lot. The construction is located at No. 5 Fuchengmen North Street. When the project is completed, it will be the business-related offices of the Company, including R&D offices, public supporting offices, technical service offices and equipment rooms, covering such fields as urban rail transit, integrated transportation hub and municipal administration, providing professional and quality design consulting services for customers, and equipped with corresponding software and hardware equipment. It will help the Company to reasonably plan the existing offices and supporting areas, to fully explore the functions of the workplace, to create a satisfactory production and service environment, and to improve the image of the Company.

(II) Filing and Approval of the Project**1. Filing**

On 9 August 2016, Xicheng District Office of Beijing Municipal Commission of Development and Reform issued “Notice about Changes of Project Filing” (Jing Xi Cheng Fa Gai (Bei) [2016] No. 57) (《項目備案變更通知書》(京西城發改(備)[2016]57號)), giving a green light to filing of the project for structure reinforcement, wall decoration and courtyard expansion of office buildings located at No. 5 Fuchengmen North Street.

2. Environmental Impact Assessment

On 11 January 2018, the Company obtained the construction project environmental impact registration form titled “Six Construction Items for Business-purpose Supporting Facilities (Structure Reinforcement, Wall Decoration and Courtyard Expansion of Office Buildings Located at No. 5 Fuchengmen North Street)” (新建配套業務用房樓等6項(阜成門北大街5號院辦公樓結構加固、立面裝修及內院改擴建項目)), with filing number 201811010200000030.

3. *Land for the Project*

The land for this project is located at the west side of Fuchengmen North Street, Xicheng District, Beijing. Beijing Traffic Management Bureau is seated to the north of the land. Baiwanzhuang Street is to the south, and Beijing No. 77 High School (北京市第77中學) is to the west. To the east is Fuchengmen North Street (West 2nd Ring Road) (阜成門北大街(西二環路)). The Company has obtained the land use certificate of this land. The land used for this project is state-owned granted land, and has the nature for business and financial usage. The Company has obtained the “State-owned Land Use Certificate of the People’s Republic of China (Jing Xi Guo Yong (2013) No. 00061)” (《中華人民共和國國有土地使用證》(京西國用(2013出)第00061號)).

(III) The Necessity of the Project

1. *To Satisfy the Company’s Urgent Needs for Future Development*

The current design centre office of the Company was established and put into use in 1975. The structural safety of the building is relatively poor, and there are certain unreasonable matters in the overall design, with its relatively old equipment and system and non-compliance with the current standard requirements for aseismic design.

Under the new circumstances, the business scale of the Company is seeing steady development. The Company has undertaken a lot of design tasks related to rail transit, and industrial and civil engineering constructions in Beijing and other cities. The Company has also undertaken various scientific research tasks, including the national technological supporting scheme, “New Urban Rail Transit Technology” (“新型城市軌道交通技術”). As the number of professionals is growing rapidly along with the increase in scientific research and design tasks, the offices for scientific research and design purposes are currently in short supply, forcing some employees to work in leased offices. Furthermore, the Company has to accomplish in Beijing a lot of designs for its key projects in other cities, for the purpose of technology and manpower sharing. To accomplish these designs, the Company has to rent hotels nearby because of the shortage.

Issues stated above have hindered the Company from smooth progress in design and scientific research tasks, and led to increasing management cost, which, to some extent, had a negative impact on the operation and management efficiency of the Company and restricted the implementation of the Company’s strategy. Therefore, it

is urgent for the Company to build more offices through upgrading and reconstructing project of design centre, to improve its overall design capacity and to create a better working environment.

2. *To Improve the Company's Image and Influence*

The Company is the first listed company in China whose principal business is urban rail transit design and consultancy, and the first design and consultancy company in Mainland China listed in Hong Kong. Therefore, the quality of workplace is of great importance to the Company's image and brand building. The implementation of the upgrading and reconstructing project of design centre will help attract more design, scientific research and management talents, enhance the Company's competitive advantages in aspects such as business expansion and talent recruitment, adapt to the new requirements of the construction and development of urban rail transit, improve recognition among clients, boost in-depth business development, and improve the integrated competitiveness, thus promoting the sustainable and sound development of the Company.

(IV) Feasibility of the Project

1. *The Project Aligns with the Objective of National Economic and Social Development*

Despite a slower economic growth over recent years in our country, overall the economy is on the path towards rapid growth, and the macro economy has a bullish outlook over the long run. As the per capita disposal income and the urbanization rate keep rising, both the engineering survey and design sector and the construction contracting sector in which the Company is now engaged are bound to develop with great potential during the "13th Five-Year Plan" period. The positive outlook of macro economy and the great potential for industry development objectively offer a support to the decoration, reconstruction and expansion of business-related offices of the Company. Implementation of this project aligns with the trend and objective of national economic and social development.

2. *The Company Satisfies the Essential Conditions for Implementing the Project*

Over years of development, the Company has grown into a leading design, survey and consultation practitioner in China's urban rail transit sector. With its extensive project design and management experience, the Company satisfies all essential conditions in terms of technical experience, talent retention, construction capacity and management capacity.

(V) Project Schedule

The implementation of the project is divided into three phases as below:

1. From January 2016 to June 2017, preliminary preparation, survey and design;
2. From July 2017 to June 2019, construction of base and principal part, installation of building equipment and decoration;
3. July 2019, completion and acceptance.

Construction cycle	2016				2017				2018				2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Preliminary preparation, survey and design															
Construction of base and principal part, installation of building equipment and decoration															
Completion and acceptance															

(VI) Environmental Control of the Project

Pollution to the environment in the course of construction and operation of the project mainly results from waste gas, wastewater (sewage), solid waste, noise and ecological impact. The Company plans to take the following measures to address these issues. Waste gas is mainly exhausted from kitchen, and the Company will adopt purification measures and then emit gas range hoods (achieving national emission standards). Waste water (sewage) mainly

comprises oily discharge, and the Company will adopt filtration measures, and then discharge waste water to the municipal drainage pipe network through an oil separating tank. For solid waste, the Company will apply waste classification measures. As to the noise produced by the equipment rooms and ventilators, the Company will install silencers to air inlet and exhaust pipes and fire-proof and sound-insulated doors and windows to office rooms to minimum the impact of noise. With regard to the ecological impact, the Company will build roof gardens, and apply 70-percent permeable pavement and 50-percent concave greenbelt in outdoor areas.

(VII) Budget Estimate

Investment into the project totals approximately RMB135,099,600, which mainly comprises construction costs. According to the feasibility report, the budget estimate is as follows:

No.	Item	Investment (RMB '0,000)	Percentage to total investment (%)
I	Construction costs	11,658.38	86.29%
	(I) Construction expenses	7,317.07	54.16%
	(II) Installation expenses	1,908.40	14.13%
	(III) Expenses on equipment, machinery and tools	2,432.91	18.01%
II	Other construction expenses	1,208.26	8.94%
III	Budget reserve	643.33	4.76%
Total investment		13,509.97	100.00%

The project involves reconstruction of original offices buildings, construction of new buildings, outdoor works and demolition works, covering a total of 22,788.40 square meters.

II. NATIONAL ENGINEERING LABORATORY PROJECT

(I) Project Introduction

The project is led by UCD, and is jointly undertaken by it with three advantageous domestic organizations in the industry, namely Beijing Jiaotong University, Tsinghua University and Nanjing Metro Group Co., Ltd. Leveraging the industry-academy-research-use mechanism, the “National Engineering Laboratory” will be constructed with three major innovation platforms, one supporting platform, seven research centers and one engineering application base.

The three innovation platforms comprise Green Construction Technology and Equipment Innovation Platform (綠色建造工程技術與裝備創新平台), New Rail Structure Technology Innovation Platform (新型軌道結構技術創新平台) and Construction and Operation Safety Technology Innovation Platform (建設與運營安全技術創新平台). The supporting platform refers to the Supporting Platform of Engineering Design Digital Technology (工程設計數字技術支撐平台). The seven research centers include Research Center of New Green Structure System and Building Technology (新型綠色結構體系及建造技術研究中心), Research Center of New Rail Structure Technology (新型軌道結構技術研究中心), Research Center of Construction and Operation Safety Monitoring Technology (建造與運營安全監控技術研究中心), Research Center of Infrastructure Trouble Shooting and Control Technology (基礎設施故障診斷與調控技術研究中心), Research Center of Structural Earthquake Resistance and Disaster Reduction Technology (結構抗震減災技術研究中心), Research Center of Numerical Analysis on High-performance Structure (高性能結構數值計算研究中心) and Research Center of Engineering Simulation and Design Digital Technology (工程仿真與設計數位技術研究中心). The engineering application base refers to Nanjing Metro Engineering Application and Demonstration Base (南京地鐵工程應用示範基地).

(II) Filing and Approval of the Project

1. Filing

On 9 March 2016, the National Development and Reform Commission issued “Reply of the General Office of the National Engineering Laboratories for Green & Safe Construction Technologies of Urban Rail Transit” (Fa Gai Ban Gao Ji [2016] No. 581) (《國家發展改革委辦公廳關於城市軌道交通綠色與安全建造技術國家工程實驗室項目的復函》(發改辦高技[2016]581號)), agreeing to “offer national investment subsidies to the project located in Xicheng District of Beijing, with a construction period of three years, and Beijing Urban Construction Design & Development Group Co., Limited acting as the legal entity”.

2. *Environmental Impact Assessment*

On 25 December 2014, Xicheng District Office of Beijing Municipal Environmental Protection Bureau issued “Notice of Xicheng District Office of Beijing Municipal Environmental Protection Bureau on Rejecting Administrative Permit” (Reference No.: Xi Huan Shen Bu 20140014) (《西城區環境保護局行政許可不予受理通知書》(編號：西環審不20140014)), refusing to accept the application for environmental protection administrative permit in relation to the project.

3. *Land for the Project*

The land for this project is located at the west side of Fuchengmen North Street, Xicheng District, Beijing. Beijing Traffic Management Bureau is seated to the north of the land. Baiwanzhuang Street is to the south, and Beijing No. 77 High School (北京市第77中學) is to the west. To the east is Fuchengmen North Street (West 2nd Ring Road) (阜成門北大街(西二環路)). The Company has obtained the land use certificate of this land. The land used for this project is state-owned granted land, and has the nature for business and financial usage. The Company has obtained the “State-owned Land Use Certificate of the People’s Republic of China” (Jing Xi Guo Yong (2013) No. 00061) (《中華人民共和國國有土地使用證》(京西國用(2013出)第00061號)).

(III) The Necessity of the Project

1. *To Meet Demands for Rapid Development in Urban Rail Transit from New Urbanization and National Strategies*

As the new urbanization in our country is undergoing rapid development, urban rail transit has become one of the most important ways to address urban traffic jam. So far, nearly 54 cities in China have been planning on the construction of their own rail transit system, and more cities will establish urban rail transit systems in the future. Meanwhile, in the “Outline of National Mid-term and Long-term Science and Technology Development Plan (2006–2020)” (《國家中長期科學和技術發展規劃綱要(2006–2020年)》), the backbone role of urban rail transit in the public transportation system of megalopolis is highlighted. The document underscored that development of urban rail transit system is indispensable in city development and national strategies. In the new backdrop of network construction and operation, the current levels of construction and testing informationization are encountered with great challenge from multiple aspects such as basic theory, technological system,

and facilities and equipment. It is necessary for urban rail transit sector to make breakthroughs on technological difficulties in safety, quality, energy saving and efficiency concerning the construction of urban rail transit, and comprehensive testing and informationization on infrastructure. Riding on the rapid development of urban transit system in China, the project focuses on problems of comparatively backward rail transit testing equipment, construction technology and equipment, operation and maintenance equipment and level of informationization. Based on the industry-academy-research collaborative mechanism, the project intends to build an innovation platform of green and safe construction technology in urban rail transit through basic theory study, core technology research and development, research and manufacturing of major equipment and implementation of key program, thereby promoting the sustained and sound development of China's urban rail transit sector.

2. *To Improve Independent Innovation Capacity Regarding Urban Rail Transit Construction and Infrastructure*

Urban rail transit construction involves high investment, high degree of difficulty, high level of risks, faces complicated construction conditions and characteristics, and has to be constructed with sophisticated construction technology. Therefore, it is a sector that draws attention from both the government and the society. Over years of development, the urban rail transit of China has made great progress in design and consultancy, construction management, project construction, and production and installation of mechanical and electrical equipment as well as operation and maintenance. The State formulated various supporting policies, standards and norms in recent years, which underpinned the development of urban rail transit in China. However, urban rail transit in China remains at a weak position in urban rail transit system testing, vehicle system integration, train communication and operation control, system safety guarantee, project construction and so on. Particularly, there is still a great leeway in improving urban rail transit construction safety, quality, energy saving and efficiency, comprehensive detecting technology of infrastructure and informationization of operation and maintenance. Implementation of this project will help improve the independent capacity in relation to core technologies of China's urban rail transit, nurturing advantages to occupy a dominant position in such area in terms of technology, standards and future development. The project will help upgrade the technical standard technology and system of which it owns intellectual property, and improve quality and efficiency of urban rail transit construction, thus realizing the development objectives of energy-saving and environmental protection safety and reliability, and convenient operation and maintenance of equipment for comprehensive testing of infrastructure.

3. *To Accelerate Conversion and Industrialization of Scientific and Technological Achievements*

China's high-speed rail are promoting the "going global" strategy on a large scale, and the urban rail transit of China has also encountered an urging need to go global with years of technology accumulation and scientific achievement conversion. The large-scale market for urban rail transit construction has provided a training ground for China to improve its technology. The implementation of this project will make breakthroughs in resolving technical difficulties related to urban rail transit in research and development and engineering process of technologies, craftsmanship and equipment, including construction and operation of digital engineering technology, comprehensive testing, processing technology on detected data, intelligent software system, construction technology and operation and maintenance. This project aims to promote the industrialization of scientific and technological achievements, and to help enterprises become internationally competitive via independent technology innovation. When realizing standardization and systematization of manufacture, development and application of major equipment and systems in the field of rail transit, this project will quickly narrow the gap from achieving the international advanced standards, contribute to the realization of the "going global" strategy, and promote the overall technological upgrade in the rail transit sector of China.

(IV) Feasibility of the Project

1. *Extensive Experience in Rail Transit Construction and Research*

The Company is the first professional metro design practitioner in China. It is also the first of its kind to go overseas for metro design tasks, and the only one listed company in China's urban rail transit sector. With more than 50 years of development and accumulation, the Company has undertaken numerous urban rail transit design projects that covered design and consultancy, project construction and industrialization and built a whole industry chain. The Company has provided design and consultancy services to more than 30 cities home and abroad, has been engaged in feasibility study for over 50 rail transit lines, and has acted as the general contractor in overall design of 66 urban rail transit lines. Many of these lines and stations have been put into service. The strong research and development competence and extensive scientific research experience offer the Company a crucial guarantee in implementing this project.

2. *Numerous Major Scientific and Technological Achievements and Series of Products*

With years of accumulation and development, the Company has developed and owned a series of technological achievements and products. Since Beijing Metro Line 1, the first metro line in China, the Company has been devoted to promoting new construction method and technology development of urban rail transit. The Company has developed numerous new technologies and methods for constructing large scale urban rail underground structure and space, and possesses independent intellectual property rights. The Company also led or participated in the formulation of most standards and norms in the sector, including the national standard of “Standards for Subway Design” (《地鐵設計規範》), the national standard of “Standards of Urban Rail Transit Engineering Project Construction” (《城市軌道交通工程項目建設標準》), the national standard of “Standards of Geological Engineering Survey of Urban Rail Transit” (《城市軌道交通巖土工程勘察規範》), the national standard of “Technical Specifications of Urban Rail Transit” (《城市軌道交通技術規範》) and the national standard of “Standard on Management of Urban Rail Transit Construction Projects”, (《城市軌道交通建設項目管理規範》). As the firm responsible for the project, the Company is currently conducting four key research and development projects in the “13th Five-Year Plan”, and has undertaken many State ministry and commission level and provincial-level research and development projects, which, to some extent, helps China overcome major technical difficulties in urban rail transit structure and promotes development of the sector. Scientific and technological achievements and series of products of the Company lay an essential foundation for smooth progress of this project.

3. *Reasonably Structured and Talented R & D Workforce*

The Company has a research and development team comprising talents majored in different disciplines including structure, tunnel, rail, bridge, informationization and management, and has an industry-leading edge in design, scientific research, testing and application. The Company has a number of professors, professor-level senior engineers and senior engineers, a number of experts who are entitled to special allowance from the State Council, “Hundreds of Leading Talents for Technology Beijing” (科技北京百名領軍人才), “Hundreds, Thousands, and Ten Thousands of Talents for the New Century” (新世紀百千萬人才) and “Beijing Nova in Science” (北京市科技新星), all of whom have been long engaged in the research and development work related to urban rail transit. With a well-structured workforce, the Company will hold a safe lead in the urban rail transit business, lay a solid foundation for increasing market share in the rail transit sector, and have a strong support for smooth progress in this project.

(V) Project Schedule

The implementation of this project comprises four phases as listed below:

1. From October 2015 to March 2016: preliminary preparation, laboratory requirement analysis and overall plan finalization;
2. From February 2016 to December 2016: construction preparation, preliminary project design and construction drawing design, and completion of tendering procedures;
3. From October 2016 to December 2018: project construction, completion of laboratory buildings or adaptive reconstruction projects, completion of three major innovation platforms, one supporting platform, seven research centers and one demonstration base;
4. From October 2018 to March 2019: trial operation and acceptance.

Construction cycle	2015	2016				2017				2018				2019
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Preliminary preparation														
Project tendering														
Project construction														
Completion and acceptance														

Note: Figures below each year indicate relevant quarters.

(VI) Environmental Control of the Project

This project primarily involves indoor reconstruction and decoration during construction period, which will have relatively little impact on the environment. After the completion, possible pollution resources that may influence the environment will include waste water, waste residue and so on. Waste water mainly includes sewage. This project is committed to the research and development of green product and software of urban rail transit, and hardly discharges waste water, but only utilizes some water to clean and wash the equipment, and discharges it to the existing municipal waste water treatment plant via the original drainage system in the office buildings. Waste residue mainly includes domestic waste, which can be comprehensively utilized or delivered to harmless treatment, thus bringing no impact on the external environment. The little amount of waste produced in the course of experiments and research and development will be classified, and delivered to harmless treatment, thus bringing no impact on the external environment.

(VII) Budget Estimate

Investment in this project totals RMB117,070,000, including RMB20,000,000 of special fund allocated by the National Development and Reform Commission and RMB97,070,000 of self-raised fund, covering a construction period of three years. According to the feasibility report, the budget estimate is as follows:

No.	Item	Investment (RMB'0,000)	Percentage to total investment (%)
I	Construction costs	10,913.20	93.22%
	(I) Building and reconstruction expenses	556.60	4.75%
	(II) Major equipment	10,356.60	88.47%
II	Other construction expenses	235.93	2.02%
III	Budget reserve	557.46	4.76%
Total investment		11,706.59	100.00%

1. Building and Reconstruction Expenses

Building and reconstruction expenses in this project totals RMB5,566,000, breakdown of which is listed as below:

No.	Project name	Measure unit	Quantity	Investment (RMB'0,000)
1	Structure reinforcement of existing buildings (including equipment base)	Square meter	2,530	88.55
2	Demolition works	Square meter	2,530	25.30
3	Reconstruction of Decoration	Square meter	2,530	228.30
4	Reconstruction of water, heat and electricity supply	Square meter	2,530	114.45
5	Reconstruction of the demonstration base offices	Item	1	100.00
Total			2,530	556.60

2. Major equipment

Expenses on major equipment in this project totals RMB103,566,000, the breakdown of which is listed as below:

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
1	Fabricated joint grouting equipment (裝配式接頭專用注漿設備)	Independently developed	Rapid grouting for joints	set	1	20.00
2	Prefabricated on-site detector for water-proof performance of joins in spliced-structure (預製裝配式拼裝結構接頭防水現場檢測試驗設備)	Independently developed	Rapid detection of water leakage	set	1	20.00
3	New pre-support underground excavation equipment (新型預支護式暗挖地下結構裝備)	Independently developed	Rapid tunnelling	set	1	200.00
4	New automatic track laying equipment for slab-type vibration damping track (新型板式減振軌道自動鋪軌裝備)	Independently developed	To improve track laying speed and quality	set	1	100.00
5	Rubber sealed waterproof screen testing platform (橡膠密封防水試驗檢測平台)	Independently developed	To test the water proof performance of rubber	set	1	20.00
6	Micro electro-hydraulic server universal testing machine (微機電液伺服萬能試驗機)	WAW-1000	Automatic loading, measurement, data collection, display, test result processing	set	1	45.00
7	Concrete chlorine ion penetration resistance measuring instrument (混凝土抗氯離子滲透性測定儀)	JC503-SWDK6	To reflect the chlorine ions penetrating the commercial concrete by measuring the electricity charge passing such concrete (測量流過商品混凝土的電荷量反映滲透商品混凝土的氯離子量)	set	2	5.00
8	DASP intelligent data collection and signal analysis system	V10	Signal oscilloscope sampling, basic signal analysis	set	2	40.00
9	SIRIUS ACC vibration and noise testing system	SIRIUS ACC	Data output collection	set	2	30.00
10	Dynamic data collection system	German IMC series	Data collection	set	1	14.00
11	Dynamic data analysis system	German IMC series	Data analysis	set	1	5.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
12	Static strain testing system	Sichuang'er Company	10 channels	set	1	3.00
13	Digital ultrasonic flaw detector (數字式超聲波探傷儀)	ZD56	Track defect detection	set	1	50.00
14	Server-control computer tension testing machine (伺服控制電 腦拉力試驗機)	AI-7000LA10	For tension testing of material and structure member (用於材料及構 件的拉伸試驗)	set	1	20.00
15	Static and dynamic fatigue testing machine (動靜態疲勞 試驗機)	UD-3600B	To test anti-fatigue performance of material and structure member (檢測材料和結構構件的抗疲勞 性能試驗)	set	1	80.00
16	Impact testing machine (衝擊試 驗機)	JB-300	To conduct impact testing by imposing impacting force on the sample	set	1	1.90
17	Salt spraying tester (鹽霧試驗 機)	CZ-160A	Testing machine for three proofings (moisture proofing, salt spray proofing and fungus proofing) under controlled atmosphere (人 工氣候環境“三防”(濕熱、鹽 霧、黴菌)試驗設備)	set	1	3.70
18	Large model tank (大型模型槽)	Independently developed	For ballastless track test	set	1	80.00
19	Vibration cyclic loading system (振動循環加載系統)	Independently developed	Cyclic loading	set	1	100.00
20	Digital noise meter and auxiliary collection and analysis system (數字式噪聲 計及配套採集分析系統)	DT-4430	Noise measurement	set	1	30.00
21	Vibration platform	Independently developed	Vibration testing	set	1	90.00
22	Steel rail flaw detector (鋼軌探 傷儀)	GT-1C-T	Steel rail flaw detection	set	1	40.00
23	Steel rail corrugation measuring instrument (鋼軌波磨測量儀)	RM1200	To measure steel rail corrugation	set	1	50.00
24	Engineering sonar (工程聲波儀)	GSY-1-T	Basic infrastructure detection	set	1	25.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
25	Automatic creep measurement system (全自動徐變測量系統)	YC-XB-T	Creep detection	set	1	30.00
26	Fracture microscopic instrument (裂隙顯微儀)	Leica-T	Fracture detection	set	1	20.00
27	Steel rail profile tester (鋼軌輪廓測試儀)	Mini Pro	Rail profile measurement	set	1	40.00
28	ICP acoustic intensity scanner (ICP聲強掃描器)	/	Noise intensity test	set	1	30.00
29	Ultrasonic generator (超聲波發生器)	/	For rail structure flaw detection, vibration transmission path and transfer function test, welded steel rail track stress testing (用於軌道結構探傷、振動傳遞路徑及傳遞函數測試、無縫線路鋼軌應力測試)	set	1	20.00
30	Ballastless track test platform (無砟軌道試驗台)	Independently developed	To conduct ballastless track performance test	set	1	80.00
31	Vibration test and control device	DH-VCT	Vibration test	set	1	30.00
32	LCD spliced screen (液晶拼接大屏)	Samsung/LG	3X3 55-inch ultra-narrow spliced LCD, seam line 3.9mm, bright LED light source, with image resolution of 1080P	set	1	80.00
33	Remote disaster recovery system (異地災備系統)	—	Offer remote centralized backup function to data of four key servers; offer disaster recovery function to the operation system and application of four key servers; disaster recovery system indicator: RPO<10 hours, RTO<3 hours	set	1	30.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
34	Specialized laser camera for monitoring densely populated metro (高密度地鐵客流檢測專用激光攝像頭)	Independently developed	All-in-one device easily powered on, with laser and video functions	set	3	60.00
35	Aluminum alloy shell and mounting frame (鋁合金機加工殼體及安裝支架)	Independently developed	Adapt to specialized laser distribution and heat dissipation functions, facilitate installation and support of specialized camera in various metro construction conditions, realize independent mold making	set	3	30.00
36	High-speed signal processing board (高速信號處理板)	Independently developed	8 TMS320C66x cores to realize 10G processing capacity, 32KB L1P 32KB L1D, 512KB for each core; L2, with 4MB Shared L2; 2-way Full Camera Link interface	set	10	40.00
37	Metro dynamic traffic warning decision support platform (地鐵動態客流預警決策支持平台)	Independently developed	Analysis of station, lines and network three-level warning based on GIS	set	1	100.00
38	Phased array ultrasonic testing equipment (相控陣超聲檢測設備)	Olympus omniscan MX2	Include ultrasonic probe, pore diameter: 16 chips, number of chips: 128, fan-shaped or linear scan, digitalized frequency: 100MHZ, maximum capacity 180MB, number of law of convergence 256, mini encoder; electric water pump;	set	1	80.00
39	Phased array ultrasonic testing software and auxiliary device development (相控陣超聲檢測軟體及配套裝置研發)	Independently developed	3D imaging and life forecast software; auxiliary device	set	1	100.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
40	Hidden danger investigation and treatment system for whole process of urban rail transit construction (城市軌道交通建設全過程隱患排查治理系統)	Independently developed	Hidden danger investigation and treatment function in all phases including survey and design, civil construction, decoration, mechatronic system engineering and trial operation	set	1	150.00
41	Metro networking emergency response platform (地鐵網絡化突發事件應急處置平台)	Independently developed	To prevent and deal with risks in case of emergencies, including massive passenger flow in metro, train delay and extreme weather	set	1	100.00
42	Measuring robot	MS05	Angle accuracy 0.5"/1" distance accuracy 0.5+1ppm×D)mm range 0.3–200m*6; high-speed distance and accuracy: 0.01mm, rapid test/tracking: 0.1mm	set	1	42.00
43	Fiber and grating demodulator (光纖光柵解調儀)	IFBG-S15	For signal collection	set	3	60.00
44	Steel rail temperature strain tester (鋼軌溫度應變測試儀)	DH3816	To test steel rail additional temperature force (鋼軌附加溫度力)	set	1	35.00
45	High-speed video system (高速攝像系統)	Phantom	Basic facility video	set	1	40.00
46	Server	IBM	Data processing	set	1	30.00
47	Laser measurement system (鐳射量測系統)	Fluke Connect	Data measurement	set	1	50.00
48	Steel rail crack tester (鋼軌裂紋測試儀)	Independently developed	To conduct steel rail surface crack damage test (進行鋼軌表面的裂紋傷損測試)	set	1	20.00
49	Non-contact deformation tester (非接觸式變形測試儀)	IMETRUM	To monitor large cross-river bridge	set	1	35.00
50	Laser displacement sensor	LTS-120/40	To conduct non-contact high frequency measurement (進行非接觸式高頻測量)	set	1	30.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
51	Track slab gap tester (軌道板離縫測試儀)	Customized	To conduct ballastless track gap disease and damage detection (進行無砟軌道離縫病害檢測)	set	1	50.00
52	Track detection car (軌道檢測小車)	GEDO	Track geometry detection (軌道幾何形位檢測)	set	1	170.00
53	Electro-hydraulic server vibration driven control device (電液伺服振動驅動控制裝置)	MTS Corporation	Exciting force 50kN	set	1	30.00
54	Micro pore pressure sensor	XCL-11-250	Pore pressure measurement	set	20	25.00
55	Micro acceleration sensor	3035B	Acceleration measurement	set	10	20.00
56	Micro soil pressure sensor	SEPG	Soil pressure measurement	set	20	5.00
57	Small laser displacement sensor	HL-G1	Displacement measurement	set	10	20.00
58	Real-time dynamic loading device based on non-linear controller (基於非線性控制的實時動力加載設備)	FCS Corp., 800L oil source, 1000kN multipoint dynamic loading	Structural seismic test loading	set	1	220.00
59	Dynamic data collection device	US-based NI, 100 channels, high-speed data collection	Strain, stress and displacement measurement	set	1	30.00
60	Non-contact displacement meter (非接觸式位移計)	Laser displacement sensor LD250, measurement range 250mm, accuracy 0.1mm	Displacement measurement	set	20	40.00
61	Vibrator array based on non-linear controller (基於非線性控制器的振動台陣)	Including three one-way vibrators, which can be combined with real-time dynamic loading system	For vibrator test in elevated structure earthquake simulation	set	1	120.00
62	TRELES	15	High-performance finite element preprocess software (高性能有限元前處理軟件)	set	4	10.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
63	TotalView	2014	Parallel debugger	set	1	20.00
64	Front-end server of high-performance compute cluster (高性能計算集群前端服務器)	Intel Xeon	Front-end equipment for high-performance compute platform	set	8	40.00
65	Linux compute cluster (Linux計算集群)	Intel Xeon	High performance numerical simulation	set	1	80.00
66	Storage rack of compute cluster (計算集群存貯架)	SYS-F618H6-FTL+	Installation of high-performance compute cluster	set	1	10.00
67	Cooling system of compute cluster (計算集群製冷系統)	ExaBlade	Cooling of compute cluster (計算集群製冷)	set	1	30.00
68	Work station	UltraLAB Alpha700(4281TB-S15PAT24ARCT3)	CPU: Intel XEON E7-4800 v2 CPU frequency: 2.8GHz CPU model: Xeon E7-4890 v2 CPU maximum amount: 4 chipsets: Intel C602J PCH	set	1	82.00
69	Oracle database	Oracle	11g	set	2	80.00
70	SQL database	SQL	Ver.2012	set	2	50.00
71	Urban rail transit sector data platform and efficiency evaluation system (城市軌道交通行業數據平台及效能評價系統)	Independently developed	Big data platform construction and data analysis and mining	set	1	150.00
72	Modern tramcar traffic simulation platform (現代有軌電車交通仿真平台)	Independently developed	Specialized traffic simulation, assessment and analysis	set	1	100.00
73	Urban rail transit 3D aided design (RIM) system (城市軌道交通三維輔助設計(RIM)系統)	Independently developed	BIM design platform	set	1	560.00
74	People dynamics simulation software (人員動力學仿真軟件)	LEGION SPACEWORK	Passenger flow simulation	set	2	160.00
75	ABAQUS	6	Static and dynamic analysis of structure	set	1	70.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
76	MIDAS-BUILDING	v2015	Dynamic elastic-plastic analysis of building structure	set	1	15.00
77	FLAC3D	v5.0	Computational analysis of geotechnical mechanics	set	1	50.00
78	VISSIM	v7.0	Traffic flow simulation	set	1	60.00
79	TRANSCAD	V6.0	Traffic distribution	set	1	15.00
80	EMME	V4	Traffic forecast	set	1	25.00
81	ANSYS	v15.2	Performance evaluation of structural mechanics	set	1	65.00
82	SIMPACK	Germany	Computational analysis	set	1	80.00
83	STAR CCM+	v10.04	8 cores parallel, airflow and thermal environment analysis	set	1	82.00
84	UDEC	v4.01	Underground geotechnical analysis	set	1	20.00
85	Storage of rail transit network security command platform (軌道交通線網安全指揮平台存儲)	HP EVA4400 disk array	Sustained throughput: 1550M HSV300 dual control (Cache 4GB, Cache backup battery lasts for at least 96 hours) 4GB Connect to host and backup server through two-way 4Gbps FC interface	set	4	150.00
86	Switch/firewall/interface message processor for rail transit network security command platform (軌道交通線網安全指揮平台交換機/防火牆/接口機)	HIRSCHMANN MACH4002 48G-L3P	Data processing, storage	set	10	138.00
87	Server of rail transit network security command platform (軌道交通線網安全指揮平台服務器)	HP DL580 G7 rack server	Processor frequency: 2.66GHz; three-level advanced cache 18MB; 4 independent Intel processors (6 cores), 64 bit; 128G memory; 4*146G hard disk, 10000Rpm	set	4	100.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
88	Collection and processing of video data on the rail transit network security command platform (軌道交通線網安全指揮平台視頻數據採集處理)	Customized	Converge video information of all lines, and then decode and broadcast	set	1	300.00
89	Large screen of rail transit network security command platform (軌道交通線網安全指揮平台大螢幕)	Visionpro® series 70 2 X 8 DLP™ Digicom® AP5000	DLP display unit PH7051552 mm (width) × 872 mm (height) 1400 × 1050 pixel LED lighting source	set	1	150.00
90	Rail transit network security command platform configuration/communication software (軌道交通線網安全指揮平台組態\通信軟件)	Customized	Middleware module (CORBA)	set	1	500.00
91	Communication node of rail transit network security command platform (軌道交通線網安全指揮平台通訊節點機)	HIRSCHMANN MACH4002 24G-L3P	MACH4002-48G-L3P: 10Mbps/100Mbps electrical interface: 3; gigabit electrical interface: 14; gigabit fiber interface (single module): 7	set	1	600.00
92	Rail transit network security command platform system/database software (軌道交通線網安全指揮平台系統\數據庫軟件)	Customized	ORACLE (large commercial relational database management system)	set	1	100.00
93	Engineering auxiliaries of rail transit network security command platform (軌道交通線網安全指揮平台工程輔件)	Customized	Auxiliary members	set	1	300.00
94	Testing base for contact line section of the contact system (接觸網錨段測試基地)	Flexibility TJ150+CTA120 Rigidity HL2213+CTA120	Testing of relevant parts	set	1	250.00
95	Track test base (軌道測試基地)	/	Testing of track products and structure property	set	1	550.00

No.	Project or equipment name	Type of equipment	Indicator or use	Unit	Quantity	Investment (RMB'0,000)
96	Workshop equipment for electronic test (電子測試車間設備)	/	Electronic product testing	set	1	200.00
97	Device for electromechanical equipment test (機電設備測試設備)	/	Electromechanical equipment testing	set	1	200.00
98	Electromechanical equipment testing and workshop testing environment platform (機電設備測試車間測試環境平台)	/	Environment testing	set	1	200.00
99	Operation management and maintenance storage	HP EVA4400 disk array	Hardware support	set	1	150.00
100	Operation management and maintenance server	IBM POWER750	Network service	set	1	250.00
101	Operation management and maintenance switch/firewall/interface message processor	HIRSCHMANN MACH4002 48G-L3P	Data transmission	set	1	100.00
102	Operation management and maintenance system/database software	Customized	ORACLE (large commercial relational database management system)	set	1	300.00
103	Locomotive	/	Demonstration test	set	1	600.00
104	Grouting equipment	ZKSY90-125 double cylinder	Test and detection	set	1	200.00
Total				set	225	11,356.60

III. THE CONSTRUCTION OF THE R&D BASE PROJECT

(I) Project Introduction

When construction of the R&D Base is completed, there will be “four major technology R&D centers” – New Transportation Technology R&D Center (新型交通技術研發中心), Environment-Friendly Construction Technology R&D Center (環境友好型建造技術研發中心), R&D Center of Urban Rail Intelligent Operation and Maintenance (城軌智能運維研發中心) and R&D Center of Smart City and Digital Engineering (智慧城市及數字工程研發中心), and “three major technology support centers” – Data Center, Testing Center and Industrialized Achievement Conversion Center (產業化成果轉化中心). Full-time researchers and technical experts will be appointed to work in “seven research orientations” – new transportation system and planning design technology, green construction technology and equipment, track engineering technology, urban rail intelligent operation and maintenance technology and equipment, energy saving technology and equipment, research and development of digital engineering technology and products, smart city and big data technology and application. The R&D Base is to support the major four business segments of the Group (namely design and consultancy, construction, operation and management, and technology industrialisation), serve the Group’s whole industry chain layout and integrated urban construction services led by design, build a “four-in-one” technology innovation system that incorporates research management, technology development, technology innovation platform management and expert management, helping the Group to enhance its technological research and development capability and core competitiveness, consolidating the Group’s leading position in the industry and promoting development of the industry.

(II) The Necessity of the Project

1. The Inevitable Trend That Companies Build Their Technology Innovation System Emerges Under the National Strategy on Innovation Development

The State has been paying high attention to technology innovation, and regards technology innovation as the core of overall development. The key role of companies in technology innovation system is highlighted in many key plans including “Outline of the National Strategy on Innovation-Driven Development” (《國家創新驅動發展戰略綱要》) and “13th Five-Year Innovation Plan on National Science and Technology” (《十三五國家科技創新規劃》). Leading companies in the industry are encouraged to gather innovation elements with a focus on regional and industrial great demands on technology, develop different forms of advanced technological research and development and achievement conversion, build high-standard research

and development institutes and establish a more efficient and sound scientific organization system. Under the new economic circumstances that innovation takes the lead to facilitate development in China, for leading enterprises in urban rail transit consultation sector in China, changing the traditional design and consultancy business-oriented development method and constructing dedicated research and development institutions to provide support to technological innovation in enterprises have become an inevitable trend for enterprises to achieve innovation and sustainable development. Under such a trend, the Company finds it is imperative to make co-ordination of innovation resources including technology base, talent reserve, research and development conditions and capital investment, focus on major technical demands in main business segments such as design and consultation, construction, operation and maintenance management, and industrialization of science and technology, make innovation on technology research and development and management, and construct a high-standard R&D base.

2. *The Expanded Scale, Intelligentization and Diversification of Urban Rail Transit Sector Compels Companies to Cultivate Sustained Technology Innovation Capability*

As the development environment evolves, the urban rail transit is bound to witness diversified trends, including scaling up, structure networking, mode diversification, industry standardization and market internationalization. In addition, “Made in China 2025” (《中國製造2025》), “13th Five-Year Innovation Plan on Systems for National Science and Technology” (《“十三五”國家科技創新體系規劃》), “13th Five-Year Development Plan on Modern Integrated Transportation System” (《“十三五”現代綜合交通運輸體系發展規劃》), “13th Five-Year Special Plan of Technological Innovation in Transportation” (《“十三五”交通領域科技創新專項規劃》) and other national key plans set out higher standards for urban rail transit technology innovation. As a leader in the urban rail transit consultation sector, the Company will embrace important periods of diversified development, and it is also imperative for the Company to develop new businesses models based on its traditional design and consultation business. After years of development and accumulation, the Company boasts achievements in major rail transit projects, technology innovation, standardization and talent cultivation, but its technology development mode driven by design and consultation will be challenged. In particular, the technology industrialization requires more input and management in technology innovation. New streams of income and core competitiveness require continuous technology innovation and sustained development, therefore, it is urgent to build a company-level R&D base.

3. *It is Imperative for the Company to Transfer its Perennial Technical Accumulation into a Professional Technology Research and Development Team through Resource Consolidation*

In its years of development and accumulation, the Company has achieved much in scientific research projects, standards, norms and other aspects and established several national and provincial-level research platforms, including the National Engineering Laboratories for Green & Safe Construction Technologies of Urban Rail Transit and the Engineering and Technology Research Centre of Beijing Rail Structure (北京市軌道結構工程技術研究中心). In addition, the Company keeps abreast of development direction and creates technological achievement incubation mode through industry-academy-research collaboration, accelerating commercialization of technological achievements and promoting the application of new technologies such as automation and intelligentization in the urban rail transit and the industrial automation areas.

However, there are still some issues related to technology innovation. The Company does not have a management system that aligns with its innovation capability, and scattered research resources and talent distribution cannot be transferred into a synergetic advantage. It has not made adequate preparation in strategic planning, especially the planning of higher level that requires the Company to make greater efforts as an industry leader. The Company has a heavy production task and a relatively severe marginalization of technological innovation, and the “actualization” rate of most research achievements stays at a low level. The cultivation of high-end talents is discontinuous, and the Company puts inadequate resources and energy to cultivate technology talents with industrial influence. It is also necessary for the Company to improve the R&D management. To gain a firm foothold in the largest market of rail transit, one have to become the framer of standards and the industry leader, equip itself with professional institutes to track the cutting-edge technologies in the world and to lead the innovation of the rail transit industry. Therefore, the Company has a desperate need for resource consolidation at company level and a specialized technology research and development team to improve overall research and development quality. In operation of the R&D Base, the Company will have a better management on its research and development work, fully play a leading role in promoting technology development in the sector, cultivate top talents for the sector and promote materialization of technological achievements. Furthermore, the Company will be able to expand its business scope, enhance its competitiveness, reinforce its brand influence and boost sound and sustained development.

(III) Feasibility of the Project**1. *Supporting Policies for Rail Transit Innovation and Development Offer Opportunities to Companies to Realize Technological Innovation Development***

As a vanguard in the “13th Five-Year Plan”, the rail transit industry attracts great attention from the CPC Central Committee and the State Council. Mr. Xi Jinping stressed at the Central Urban Work Conference that the State will make greater efforts to promote the construction of urban rail transit system with large capacity, fast speed, high energy efficiency and low emission, and make urban rail transit system a backbone means of passenger transport for super and mega cities.

The “Made in China 2025” (《中國製造2025》) released by the State Council states that advanced rail transit equipment is a key aspect, and that efforts will be made for achieving breakthrough in the application of new rail transit materials, new technologies and new processes, systematic security, energy conservation and environmental protection, digitalization and intelligentization networking technology, the development of advanced, reliable and practical products and light, modularized and systemized products manufacture, and new generation of equipment system for green and intelligent rail transit. The “13th Five-Year Innovation Plan on Systems for National Science and Technology” (《“十三五”國家科技創新體系規劃》) explicitly states that China will promote the development of modern transportation technologies and equipment, and that rail transit will be an important aspect.

The “13th Five-Year Development Plan on Modern Integrated Transportation System” (《“十三五”現代綜合交通運輸體系發展規劃》) approved by the State Council in February 2017 highlights the importance of improving urban rail transit networks in large cities and megacities, stating that efforts will be made to help cities with urban residents of over 3 million to build rail transit networks and setting the principle for industry convergence, which underlines equal stress on construction, operation and maintenance and promotes the convergence between transportation and industrialization. The National Plan on New Urbanization (《國家新型城鎮化規劃》) relaxes restrictions on urban household registration, promotes city cluster driven by economic transition and accelerates the development of National Districts, which stimulates the multi-system and balanced development of urban rail transit sector. In May 2017, the Ministry of Science and Technology and the Ministry of Transport jointly issued the Planning of Technology Innovation for the Transport Sector During “13th Five-Year Plan” Period (《“十三五”交通領域科技創新專項規劃》), which

explicitly sets in detail the development objective of transport sector during the “13th Five-Year Plan” period, together with key tasks and deployment, offering a guidance for planning the technology innovation development of the rail transit industry.

The central government’s strong support to rail transit technology innovation offers companies in the sector great opportunities to improve their own innovation capabilities. As the sector maintains rapid development in a favorable environment, all businesses of the Company witness steady and sound development, and the Company leverages its strength with a whole industry chain in urban rail transit to promote green, intelligent and innovation-driven industrialization, thus creating a better environment for the establishment of the R&D Base. In the meantime, acquiring advanced technologies in domestic rail transit industry through technology innovation is conducive to the improvement of market share and competitiveness of the Company in the rail transit industry.

2. *The Company’s Great Contribution to Innovation Capability Cultivation Provides Decision Support to Establishment of the R&D Base*

After the Company is listed in the H share market, its overall financial position has improved significantly. The expansion of financing channel and the enhancement of financing ability offer strong financial support for scale-up of the Company, and the Company enters a new development stage. To construct a business group with a value of RMB10 billion and to become an integrated urban construction service provider led by design business, the Company still has to explore more, practice more and innovate more by basing on its existing businesses, and to proactively develop new business pattern and profit model. With its technology advantage and innovation ability, the Company builds technology industrialization platforms to strengthen positive interaction between technological innovation and industrial operation. Supplementing technology reserve by innovation and expanding the market by industrialization projects, the Company nurtures two engines for industrialization and forges new profit drivers and core technology reserve.

To achieve such an end, the Company adopts a diversification strategy, capitalizes on the reputation of urban rail design consultation, with boosting the investment in technological research and guiding the process of industrialization as the driving force for development, promotes the “3+1” development model (“integration, diversification, regionalisation” + “capital operation”), so as to advance business transformation and create an eco-system of a whole industry chain. With more research and development input to support development and innovation of core urban rail

transit technologies and strong support of the National Engineering Laboratory and the Engineering Technology Center to reinforce advanced technology consolidation and development, the Company fosters strong core technology advantage by expanding the market with technology and resource advantages and continuously integrating urban rail technological innovation achievements.

During “13th Five-Year Plan” period, the Company’s objectives for technology development include: maintaining current technology advantages, continuously improving the technology strength for urban rail transit design, consultancy and survey segment, accelerating research and development of green construction technologies and products with intellectual property; taking a market-oriented approach and relying on engineering, promoting technology innovation from all aspects and through multiple channels, and improving core technology competitiveness; accelerating the construction of national and provincial technology innovation platforms.

The Company provides a strong financial support to the establishment of R&D Base through multiple financing channels, which include returning to the A Share market, constructing capital operation platforms, additional issuance (placement) of H Shares, corporate bonds, short-term margin trading and securities lending, medium-term notes, overseas USD-denominated bonds. The R&D Base is offered with a solid foundation made of a comprehensive technology innovation system covering establishment of technology innovation platforms, cultivation of technology talents, research and upgrade of technology and innovation of management patterns.

3. *Long-Term Research Experience, Talent Reserve and Technology Innovation Platforms Provide Essential Conditions for Establishment of the R&D Base*

The Company has numerous technology research and development achievements and is now pursuing more, which provides extensive project experience for the R&D Base. Having been promoting technology development by innovation in recent year, the Company fosters strong research and development ability and practical research ability and undertakes about 100 major research projects at home. It acts as the organiser for four key R&D projects of the “13th Five-Year Plan”, undertakes a number of key R&D projects sponsored by the NDRC, the MOHURD, Beijing Municipal Science & Technology Commission, Beijing Municipal Commission of Planning and Natural Resources, and Beijing Municipal Commission of Transport with remarkable achievements. The Company accumulates numerous achievements in its years of devotion, helps the country tackle key technology problems related to urban rail structure and promotes development of the sector, which provides extensive

experience in undertaking major projects, research, product development & application and management that will facilitate the establishment and operation of the R&D Base.

The Company has established a initially-formed fixed R&D team and workplace. It has nearly 2000 professional technicians, including six entitled to special allowance from the State Council, over 60 professor-level senior engineers, over 400 senior engineers, over 200 certified engineers, and over 60 members of expert committees. With a handful of talents who are entitled to special allowance from the State Council, National Program for Ten Thousand Talents of New Century (國家新世紀百千萬人才), Beijing Municipal Program for Ten Thousand Talents of New Century (北京市新世紀百千萬人才), Hundreds of Leading Talents for Technology Beijing (科技北京百名領軍人才), Beijing Outstanding Young Talents (北京市青年拔尖人才) and Beijing Nova in Science (北京市科技新星), the Company offers a strong talent reserve for the establishment of the R&D Base. In addition, the Company establishes the Academician-Expert Studio (院士專家工作室) comprising Shi Zhongheng, a member of Chinese Academy of Engineering, and experts in the urban rail transit design from several cities, who are responsible for the Company's significant research projects and the management of postdoctoral workstations.

The Company also possesses several national, provincial and intracompany research and development platforms. It has one national engineering laboratory, four provincial engineering (technology) institutes, and a number of intracompany technology R&D platforms. National platform: National Engineering Laboratory for Green & Safe Construction Technology in Urban Rail Transit (城市軌道交通綠色與安全建造技術國家工程實驗室); provincial platforms: Beijing Track Structure Engineering and Technology Research Center (北京市軌道結構工程技術研究中心), Beijing Rail Transit Energy Conservation Engineering Technology Center (軌道交通節能北京市工程研究中心), Beijing Rail Transit Engineering Technology Center (北京市軌道交通工程技術研究中心) and Beijing Corporate Technology Center (北京市企業技術研究中心); university cooperation platforms: Urban Rail Transit Research Center (城市軌道交通研究中心) and Urban Rapid Rail Transit magazine (《都市快軌交通》雜誌); intracompany platform: Academician-Expert Studio(院士專家工作室), Numerical Computation and Simulation Center (數值計算與仿真中心) and Rail Structure Technology Center (軌道結構技術研究中心). These R&D platforms cover civil engineering, transportation, energy, environment, control, management and other disciplines and fields. All of them have distinct features and complement each other, providing abundant resources and a solid foundation for the establishment of the R&D Base.

(IV) Project Schedule

This project is divided into five phases, as listed below:

1. From January 2018 to March 2018, kick-off, funding and fulfillment of other conditions;
2. From April 2018 to December 2018, demonstration and design of renovation and reconstruction plan and commencement of decoration works;
3. From January 2019 to December 2019, equipment procurement and installation, and appointment of research and development personnel;
4. From January 2020 to November 2020, trial operation of laboratories;
5. December 2020, completion and acceptance, and formal operation.

	1st Year				2nd Year				3rd Year			
Construction cycle	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Kick-off and funding												
Renovation and reconstruction												
Procurement and installation of hardware and software												
Recruitment and training of research and development personnel												
Trial operation (commencement of relevant research and development projects)												

Note: Figures below each year indicate relevant quarters.

(V) Environmental Control of the Project

This project is for leased offices and primarily involves indoor reconstruction and decoration, thus having just a little impact on the environment. After the completion, possible pollution resources that may influence the environment will include waste water and solid waste. Wastewater mainly includes sewage. This project is committed to research and development activities, hardly discharges waste water, and discharges it to municipal waste water treatment plant via the original drainage system in the office buildings. Waste residue mainly includes home refuse, which can be comprehensively utilized or delivered to harmless treatment, thus bringing no negative impact on the external environment. Waste produced in the course of experiment and research and development will be sorted and delivered to harmless treatment, thus bringing no negative impact on the external environment. Indoor decoration during the construction period would probably produce some noise. The Company will adjust the construction time and avoid construction in the night, trying to minimize the influence on the surrounding environment.

(VI) Budget Estimate

Investment in this project totals RMB272,375,700, mainly comprising decoration costs, office equipment costs, hardware investment and software investment expenditures and covering a construction period of three years. According to the feasibility report, the budget estimate is as follows:

No.	Item	Investment	Percentage to
		(RMB '0,000)	total investment (%)
I	Decoration costs	5,400.00	19.83
II	Office equipment costs	40.00	0.15
III	Hardware investment	14,889.57	54.67
IV	Software investment	6,908.00	25.36
Total investment		27,237.57	100.00

1. Leasing and Office Furniture Costs

Workplace leased for the R&D Base covers 5,812.5 square meters, with annual fees of RMB18,000,000. Office furniture costs a total of RMB400,000. Details are listed below:

Item	Function	Area (square meter)	Unit price for leasing (RMB/square meter)	Cost (RMB'0,000/ year)
R&D Base	Office space	2,812.50		
	Laboratories	2,000.00	8.50	1,800.00
	Testing area	1,000.00		
	Office furniture procurement			40.00
Total				1,840.00

2. Hardware and Software Investment

A total of RMB217,975,700 will be allocated to purchase hardware and software in the next three years, including RMB148,895,700 of hardware investment. Details of hardware introduction are listed below:

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
						New transportation system and technology for planning and design
1	Graphics workstation	piece	10	4	40	Design platform
2	Server	piece	50	15	750	Study on the integration of wheel-rail articulation light-rail vehicle and system products (輪軌銜接式輕軌車輛及系統產品一體化研究)
3	Training, simulation equipment	set	1	200	200	
4	Testing equipment	set	1	750	750	
5	Experiment equipment	set	1	800	800	

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
Track engineering technology						
6	German imc	set	4	34	136	Rail data collection equipment
7	Vibration and noise test and analysis system for urban rail transit facilities (城軌設施振動噪聲測試與分析系統)	set	2	18	36	Vibration and noise test
8	Acoustic sensor	set	15	0.35	5.25	Vibration collection terminal
9	SLF acceleration transducer	set	5	0.42	2.1	Acceleration collection terminal
10	Track slab accelerometer	set	20	0.15	3	Track slab collection terminal
11	Steel rail accelerometer	set	20	0.15	3	Acceleration collection terminal
12	Encryption dog	set	3	1	3	
13	Hammer	set	2	1	2	
14	Specialized server for rail structure dynamic simulation (軌道結構動力學仿真專用服務器)	set	4	12	48	
15	Specialized server for remote status monitoring of rail structure (軌道結構狀態遠程監控專用服務器)	set	2	12	24	Rail structure monitoring system
16	Large track model tank (大型軌道模型槽)	set	1	300	300	
17	Rail inspection car (Amberg) (軌檢小車(安伯格))	set	1	256	256	
18	Crack width detector (ZBL SCI & TECH) (裂縫寬度測量儀(智博聯))	set	2	1	2	
Environmental-friendly construction technology and equipment						
19	Fabricated underground station information collection module (裝配式地下車站信息採集模塊)	set	30	4.5	135	Information collection
20	3D printer	piece	1	12	12	New material, structure analysis and production equipment (新型材料、結構綜合分析與生產設備)
21	GCTS dynamic and static triaxial test apparatus (GCTS動靜三軸測試儀)	set	1	320	320	Triaxial test apparatus for special soils (特殊土體三軸測試)
22	MTS test system (universal testing machine) (MTS試驗系統(萬能試驗機))	set	1	280	280	Basic mechanical tests of soils
23	Automatic server control direct shear/residual shear apparatus (全自動伺服控制直剪/殘剪儀)	piece	1	25	25	Shear strength test (剪切強度測試)
24	Urban geotechnic laboratory (basic apparatus) (市內土工實驗室(基本備品備件))	set	1	260	260	Apparatus for geotechnic test, identification, testing services

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
25	Urban underground structure laboratory (basic apparatus)(市內地下結構實驗室(基本備品備件))	set	1	290	290	Basic apparatus for structure test, identification, testing services
26	Geological radar	piece	1	50	50	Tunnel detection, structure detection
27	HT-225TC smart cloud rebound apparatus (HT-225TC智能雲回彈儀)	piece	2	5	10	Damage detection
28	HC-F800 concrete crack and defect all-purpose tester (HC-F800混凝土裂縫缺陷綜合測試儀)	piece	2	5	10	Concrete non-destructive damage detection (混凝土無損損傷檢測)
29	HC-GY71 integrated rebar scanner (HC-GY71一體式鋼筋掃描儀)	piece	2	4	8	Rebar performance non-destructive detection(鋼筋性能無損檢測)
30	HC-X5 rebar corrosion detector (HC-X5 鋼筋銹蝕檢測儀)	piece	2	4	8	Rebar corrosion non-destructive detection (鋼筋銹蝕無損檢測)
31	Dynamic penetration test and static penetration test (動力觸探和靜力觸探)	piece	2	8	16	Detection of bearing capacity of foundation and deformation modulus (檢測地基承載力和變形模量)
32	Low strain tester (低應變檢測儀)	piece	2	8	16	Detecting integrity of pile foundation (檢測樁基完整性)
33	Cross-hole ultrasonic test (超聲波跨孔檢測)	piece	2	8	16	Long pile testing (長樁檢測)
34	Underground structure intelligent big data platform (地下結構自動智能大數據平台)	set	1	190	190	To build a big data platform incorporating testing and evaluation (實現檢測、評估一體的大數據分析平台)
35	Underground structure automatic intelligent monitoring system (地下結構自動智能監測系統)	set	1	220	220	Integrated big data collection of underground disease and damage (地下空間病害一體化大數據採集)
36	Acceleration sensor digital display device (加速度傳感器數顯設備)	set	10	1	10	Zhenhua or Jinma (振華或者金馬)
37	Acceleration sensor	set	12	0.5	6	China Earthquake Administration
38	Strain dynamic digital display device (40 channels) (應變片動態數顯設備(40通道))	set	1	40	40	Made in Japan
39	Strain static digital display devices (20 channels) (應變片靜態數顯設備(20通道))	set	1	5	5	Made in Japan

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
40	Laser displacement meter (static) (激光位移計(靜態))	piece	20	0.75	15	For accurate locating and data collection of structural member and structural form and position (用於構件、結構型位的精準定位與數據收集)
41	Fabricated underground station physical model and relevant apparatus (装配式地下車站實體模型及相關配件)	set	1	46	46	
42	Fabricated station work inspection system (装配式車站生產檢測系統)	set	1	200	200	Automation control system of fabricated pre-assembled structure (装配式預製拼裝結構自動化控制系統)
43	Fabricated station component assembly system (装配式車站構件拼裝系統)	set	1	240	240	
44	Fabricated station online monitoring system (装配式車在線監測系統)	set	1	200	200	
45	Fabricated station construction-aided grouting system (装配式車站施工輔助注漿系統)	set	1	50	50	
Structure Testing Centre (vibrostand testing platform and data collection system) (結構測試中心(振動台試驗平台及數據採集系統))						
47	Tension & compression jack (拉壓千斤頂)	piece	4	16.5	66	Dynamic performance test on the structure inside square pits (方坑內的結構動力性能試驗)
48	Loading computer digital servo control system for pseudo static test of square pits (方坑擬靜力試驗加載計算機全數字伺服控制系統)	piece	1	20	20	To ensure that the tension & compression jack follows established procedures to realize automatic proportional loading
49	Compression jack (circular pit) (僅受壓千斤頂(圓坑))	piece	24	15	360	Static performance test on the structure inside circular pits (圓坑內的結構靜力性能試驗)
50	Hydraulic source (液壓源)	piece	1	35	35	To offer hydraulic source for jacking
51	Hydraulic servo control system (液壓伺服控制系統)	piece	1	80	80	To control the hydraulic source automatically, promptly and accurately to adjust according to input changes

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
52	Loading computer digital servo control system for pseudo static test of circular pit (圓坑擬靜力試驗加載計算機全數字伺服控制系統)	piece	1	150	150	To ensure that all loaders realize loading on a scheduled basis and automatic unloading in case that the structure is damaged
53	Water pump	piece	2	3.5	7	To avoid impeded drainage in the test pits and to keep them free from water
54	Collection and analysis system for static test data shared by square pits and circular pits (方坑、圓坑公用靜力試驗數據採集分析系統)	piece	2	27	54	To conduct collection and analysis of test data for square pits and circular pits on a trial basis
55	DH-3816N static strain testing system (DH-3816N 靜態應變測試系統)	piece	1	21	21	To conduct collection and analysis of test data for square pits and circular pits on a trial basis
56	Compression jack (square pit) (僅受壓千斤頂(方坑))	piece	4	20	80	To realize loading of large-tonnage static jack
57	Top displacement sensor (頂杆式位移傳感器)	piece	20	0.5	10	For collecting absolute displacement data of structure
58	Linear displacement sensor (拉線式位移傳感器)	piece	20	0.45	9	For collecting relative displacement data of structure
59	Laser displacement meter (static) (激光位移計(靜態))	piece	20	0.75	15	For accurate locating and data collection of structural member and structural form and position (用於構件、結構型位的精準定位與數據收集)

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
Urban rail intelligent operation and maintenance technology and equipment						
60	Laser displacement sensor (激光位移傳感器)	set	2	20	40	Rail corrugation system
61	Power supply and signal output wire (供電及信號輸出導線)					(鋼軌波磨系統)
62	Laser profile sensor (激光廓形傳感器)	set	2.00	35	70	Rail wear system
63	Power supply and signal output wire (供電及信號輸出導線)					(鋼軌磨耗系統)
64	Laser displacement sensor: IL-300 (激光位移傳感器：IL-300)	set	2	12	24	Rail corrugation system (鋼軌波磨系統)
65	Controller: IL-1000					
66	Power supply and signal output wire: OP-87056 (供電及信號輸出導線：OP-87056)					
67	Laser profile sensor: LJV7300 (激光廓形傳感器：LJV7300)	set	2	25	50	Rail wear system
68	Controller: LJV7001 (控制器：LJV7001)					(鋼軌磨耗系統)
69	Power supply and signal output wire: CB-B3 (供電及信號輸出導線：CB-B3)					
70	Camera: ral2048-48gm	set	2	10	20	Rail patrol system
71	Len: ML-U2516SR-18C					(軌道巡檢系統)
72	Light source: P-LSP-300-W					
73	Controller: P-HAPS-24W290-1T					
74	Inertial navigation system: JC-21	set	2	30	60	Rail geometric monitoring system (軌道幾何監測系統)
75	Rail inspection car: BGJ-0.5T (軌道檢測小車：BGJ-0.5T)	piece	2	10	20	Inspection car
76	High-precision servo electric cylinder (高精度伺服電動缸)	piece	2	10	20	Centering
77	Other parts	set	1	20	20	Fittings
78	Field inspection equipment (現場巡查設備)	set	10	3	30	Metro emergency response and utility tunnel inspection (地鐵應 急及管廊巡檢)
79	Mobile personal device (移動單兵設備)	piece	10	5	50	
80	Work station for patrol robot system platform (巡檢機器人系統平台工作站)	piece	1	10	10	Robot patrol system 機器人巡檢系統
81	Smart patrol robot platform (智能巡檢機器人平台)	set	1	10	10	
82	Robot communication system (機器人通訊系統)	set	1	10	10	
83	Smart patrol robot (智慧巡檢機器人)	set	1	150	150	

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
84	Multi-channel data collection module (多通道數據採集模塊)	unit	10	0.5	5	Smart city monitoring equipment study (智慧城市監測設備研究)
85	FBG demodulation instrument (光纖光柵解調儀)	piece	4	40	160	Intelligent monitoring of underground infrastructures (地下基礎設施智慧監測)
86	Optical fiber temperature sensor demodulation host (光纖溫度傳感解調主機)	piece	2	50	100	
87	Optical fiber vibration sensor demodulation host (光纖振動傳感解調主機)	piece	2	70	140	
88	Optical fiber subsidence and movement sensor demodulation host (光纖沉降傳感解調主機)	piece	2	30	60	
89	Optical fiber	meter	1000	0.01	10	
90	Underground infrastructure test bed (地下基礎設施試驗台)	set	1	200	200	
91	Integrated environment parameter monitoring equipment (一體化環境參數監測設備)	piece	5	10	50	
Energy conservation technology and equipment						
92	Work station	set	4	2.5	10	For data processing, system simulation and other high-performance computings (用於數據處理、系統模擬等高速計算)
93	Server	set	1	3	3	For data processing, system simulation and other high-performance computings (用於數據處理、系統模擬等高速計算)
94	Portable laptop	set	4	1	4	For equipment commissioning, data storage, interface device
95	Portable particle size detector (便攜式顆粒物分粒徑檢測儀)	set	3	9.5	28.5	To measure the particle concentration in the public area of demonstration projects (particles smaller than PM10) (測試示範工程公共區空氣的顆粒物濃度 (PM10 以內的小顆粒))
96	Water hardness tester (水硬度測試儀)	set	6	0.4	2.4	Some demonstration stations adopt evaporative condensing water chillers (蒸發冷凝式冷水機組), and it is necessary to test the hardness of spray water.

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
97	PH tester	set	10	0.1	1	Some demonstration stations adopt evaporative condensing water chillers (蒸發冷凝式冷水機組), and it is necessary to test the PH value of spray water.
98	Portable particle detector (便攜式顆粒物檢測儀)	set	2	10	20	To detect PM2.5 and PM10 in the metro air
99	CO2 concentration transmitter (CO2濃度變送器)	set	10	0.2	2	For CO2 concentration in the metro air (用於地鐵空氣CO2濃度)
100	Temperature and moisture recording apparatus (溫濕度自記儀)	set	20	0.1	2	To detect the temperature and moisture of the metro air
101	Wind speed recording apparatus (風速自記儀)	set	8	0.25	2	To record wind speed and direction
102	Thermal anemometer (熱球風速儀)	set	20	0.2	4	To detect wind speed and direction
103	Avometer	set	4	0.5	2	To test electric current, voltage and power
104	Ultrasonic flowmeter	set	6	0.5	3	To test water flow
105	Digital differential pressure gauge (數字式微壓差計)	set	3	0.3	0.9	To test air pressure difference
106	PM2.5 tester	set	10	0.1	1	To test PM2.5 particles in the air
107	Water hardness tester	set	3	0.3	0.9	To test water hardness
108	PH tester	set	5	0.2	1	To test PH value
109	Portable noise tester (便攜式噪聲測試儀)	set	3	0.3	0.9	To test decibel level
110	TSP sampler	set	4	2.65	10.6	For TSP test of metro air
111	High precision balance (精密電子天平)	set	2	0.253	0.506	To weigh particles
112	Air flow calibration tester (風量校準試驗裝置)	set	1	32.18	32.18	For air flow calibration test in the performance test of metro ventilation and air conditioning system
113	Air flow capture hood (風量罩)	set	1	2.05	2.05	To measure air flow of the ventilation and air conditioning system
114	Carbon dioxide gas tester (二氧化碳氣體濃度檢測儀)	set	4	0.5	2	Carbon dioxide gas tester (二氧化碳氣體濃度檢測儀)

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
115	Self-recording heat flow meter (自記式熱流計)	set	8	0.25	2	To test the heat flow between the surface of building envelope and the air in the public area of demonstration projects (測試示範工程公共區圍護結構表 面與空氣間的熱流)
116	Pincerlike triphase electrodyamometer (鉗形三相電功率計)	set	14	0.5	7	To measure real-time power of equipment in demonstration projects (測量示範工程中的設備實時功率)
117	Energy consumption recorder (能耗自記儀)	set	10	0.4	4	For real-time recording of system energy consumption of demonstration projects
118	Differential pressure meter (壓差儀)	set	1	0.38	0.38	To measure the resistance of the pipe in the ventilation and air conditioning system
119	Fume hood (通風櫃)	set	2	1.7	3.4	To test gas that is odorous, polluted and harmful to human health
120	Dust particle counter (塵埃粒子計數器)	set	1	1.5	1.5	To measure the dust particles in the air
121	Fan coil unit (風機盤管)	set	5	0.2	1	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
122	Automatic cleaning device (自動清洗裝置)	set	2	2.5	5	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
123	Automatic cleaning inspection and control system (自動清洗檢測、控制系統)	set	1	5	5	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
124	Large variable speed fan (大型調速風機)	set	2	2.5	5	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
125	Automatically working large surface cooler (可自動開啓式大型表冷器)	set	1	5	5	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
126	Fan speed governing device (風機調速控制裝置)	set	2	2	4	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
127	Surface cooler water leakage detection device (表冷器漏水檢測裝置)	set	1	2	2	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
128	Electrically controlled shutter (電動調節百葉)	set	5	0.4	2	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
129	Electrically controlled air valve (電動調節風閥)	set	5	0.4	2	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
130	Control device (控制裝置)	set	5	2	10	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
131	Performing structure (執行結構)	set	5	2	10	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
132	Evaporative condensing heat exchanger module (tube type) (蒸發式冷凝換熱器模塊(管式))	set	2	11	22	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
133	Evaporative condensing heat exchanger module (oval tube) (蒸發式冷凝換熱器模塊(橢圓管式))	set	2	11	22	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
134	Evaporative condensing heat exchanger module (circular tube and ribbed type) (蒸發式冷凝換熱器模塊(圓管加肋片式))	set	2	12	24	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
135	Evaporative condensing heat exchanger module (tube-sheet) (蒸發式冷凝換熱器模塊(管板式))	set	2	11	22	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
136	Evaporative condensing heat exchanger module (coiled tube) (蒸發式冷凝換熱器模塊(蛇形管式))	set	2	12	24	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
137	Magnetic compressor (磁懸浮壓縮機)	set	2	12	24	To build a metro heating, ventilation and air conditioning experimental system (地鐵暖通空調實驗系統)
138	Data processing and display device (數據處理與顯示裝置)		66	0.5	33	To process and display test datas collected
139	Digital data collection device (數字信號採集裝置)		123	1	123	To collect test datas of demonstration projects
140	Frequency converter (above 20kW) (變頻器 (不小於 20kW))		60	1.75	105	To set and adjust the frequency of the supply and exhaust fan of demonstration projects (用於示範工程空調送排風機頻率的設定與調整)
141	Rotator	unit	1	50	50	To drive the high-speed rotation of flywheel
142	High-speed permanent-magnet machine (高速永磁電機)	unit	1	80	80	For frequent electric charge or discharge
143	Flywheel	unit	1	50	50	For high-speed rotation absorbing and releasing energy
144	Bearing	unit	1	80	80	Active magnetic technology, for building a mechanical friction free environment (主動磁懸浮技術，營造機械無摩擦環境)
Digital engineering technology and products						
145	Turret-type server (刀架式服務器)	piece	2	10	20	Establishment of BIM collaborative design platform
146	Data server	piece	2	7	14	
147	Application server	piece	4	7	28	
148	Desktop workstation	piece	12	3	36	
149	Portable workstation	piece	12	3	36	
150	Large engineering structure dynamic and static data fine analysis server + super computing platform (CPU of over 200 cores) (大型工程結構動靜力數值精細化分析服務器+超算平台(CPU200核以上))	set	1	310	310	To accomplish 30 million-unit to dynamic and static mechanical analysis (完成3000萬單元體量的動靜力力學分析)

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
Smart city and big data technology and application						
151	High-performance AI chip	unit	15	1	15	Development of integrated passenger flow monitoring device (一體化客流監測設備)
152	CMOS chip	unit	15	0.4	6	
153	Auto focus len	unit	15	0.4	6	
154	Network transmission and power supply module (網絡傳輸及供電模組)	unit	15	0.3	4.5	
155	Customisation of AI camera core circuit (AI相機核心電路定製開發)	set	1	80	80	
156	AI camera enclosure development (AI相機外殼開發)	set	1	20	20	
157	AI camera structure and exterior design (AI相機結構及外觀設計)	set	1	15	15	
158	Real scenario test platform (no less than 10 cameras and backend systems) (真實場景測試平台(不少於10個攝像頭及後台系統))	set	1	30	30	
159	Video data test platform construction (視頻數據測試平台搭建)	set	1	20	20	
160	Algorithm test server (算法測試服務器)	set	2	20	40	
161	Digitalised GPU server (數字化GPU服務器)	unit	4	20	80	Passenger flow monitoring based on the GPU servers (基於GPU服務器的客流監測)
162	High-performance GPU graphics card (高性能GPU顯卡)	unit	30	0.8	24	
163	IP HD gun-type camera (網絡高清槍機攝像頭)	unit	10	1	10	Passenger flow monitoring
164	Big data control node server (大數據控制節點服務器)	set	10	10	100	Big data computation platform of urban rail transit passenger flow (城市軌道交通客流大數據計算平台)
165	Big data computing node server (大數據計算節點服務器)	set	10	20	200	
166	Cabinet	set	6	2.5	15	
167	10Gbit switch (萬兆交換機)	set	1	5	5	
168	Embedded GPU high-performance processing device (嵌入式GPU高性能處理設備)	unit	10	1.5	15	Embedded passenger flow monitoring device (嵌入式客流監測設備)
169	Big data computation, positioning server (大數據計算、定位服務器)	set	2	10	20	Outdoor crowd monitoring and warning platform (室外人群監控預警平台)
170	Collection service, interface server (採集服務、接口服務器)	set	1	8	8	
171	wifi prober (wifi探針設備)	set	100	0.5	50	

APPENDIX III

**FEASIBILITY RESEARCH REPORT ON INVESTMENT PROJECTS FUNDED BY
PROCEEDS FROM INITIAL PUBLIC OFFERING OF A SHARES AND LISTING OF
BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED**

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
172	Multi-function card reader (equipment) (多功能讀卡器(設備))	unit	4	1	4	Research and development of system incorporating personal and card checking (人證合一系統研發)
173	Electronic screen	unit	4	0.5	2	
174	Metro gate machine (地鐵閘機)	unit	4	10	40	
175	Industrial computer (工控機)	unit	4	1	4	
176	5G base station	set	2	50	100	5G based smart metro station system (基於5G的智慧地鐵車站系統)
177	Intelligent cloud ticketing system (智能雲售票系統)	set	1	300	300	
178	Intelligent inquiry system (智能問詢系統)	set	1	200	200	
179	Smart station simulation integration platform (智慧車站模擬集成平台)	set	1	800	800	
180	New human 3D imaging and person-card-ticket integrated verification equipment (新型人體三維成像與人證票一體化安檢設備)	piece	1	200	200	Integrated security verification system (一體化安檢系統)
181	Millimeter-wave human imaging radar (毫米波人體成像雷達)	set	1	300	300	
182	Cloud exchange system server (雲交系統服務器)	piece	50	15	750	Cloud pool construction
183	Training, simulation equipment (培訓、仿真設備)	set	1	200	200	(Signal, electromechanics, communication, automatic ticketing and checking-in and other equipment) simulation environment ((信號、機電、通信、自動售檢票等設備)模擬環境)
184	Test and detection equipment (檢驗檢測設備)	set	1	750	750	High-low temperature chamber, surge tester, lightening simulative generator, vibration table, dust test chamber and other equipment (高低温箱、浪湧測試儀、雷電模擬發生器、振動台、沙塵試驗箱等設備)

No.	Equipment	Unit	Quantity	Unit Price (RMB'0,000)	Total Costs (RMB'0,000)	Use
Data Center						
185	Firewall	piece	3	9.5	28.5	Data centre construction and storage service
186	Storage server	piece	2	34	68	
187	Core switch	piece	2	5	10	
188	Access switch	piece	10	1	10	
189	FTP file server	piece	2	6	12	
190	Streaming media server	piece	2	4.5	9	
191	UPS power supply	set	2	7.5	15	
192	Disk array	set	9	30	270	
193	Cloud-screen display and control interactive platform (雲屏顯控交互平台)	set	1	150	150	
194	LCD large screen and device	set	1	80	80	
Office hardware and equipment						
195	Video conference system	set	1	16	16	Multi-media conference centre
196	Printer	piece	2	4.5	9	Printing device
197	Multi-functional Digital Display System	piece	2	8	16	Digital projection system
198	Multi-media conference system	set	1	20	20	Including audio devices, console, microphone and other devices
199	Computer	piece	200	1	200	To equip according to the number of staffs
Total					<u>14,889.57</u>	

Software investment amounts to RMB69,080,000, and details of introduction are listed below:

No.	Equipment	Unit	Quantity	Unit price (RMB'0,000)	Total cost (RMB'0,000)	Use
Track engineering technology						
1	simpack	set	1	130	130	Wheel-rail system dynamic simulation (輪軌系統動力學仿真)
2	German IMC data collection system	set	5	16	80	Rail vibration and noise test
3	um-contact	set	1	80	80	Vehicle dynamic simulation (車輛動力學仿真)
	LMS Virtual.Lab acoustic simulation software (LMS Virtual.Lab聲學仿真分析軟件)	set	1	94	94	Rail noise simulation analysis (軌道噪聲仿真分析)
New transportation system and technology for planning and design						
4	3D engine	set	2	60	120	
5	Railsys	set	1	45	45	Traction calculation, train working computation
6	Train working diagram preparation system (列車運行圖編製系統)	set	2	50	100	Train working diagram preparation
7	openpowernet	set	1	150	150	Professional energy consumption calculation
8	Engineering design aided computing software (工程設計輔助計算軟件)	set	2	30	60	Engineering computing software (工程計算軟件)
9	Vehicle testing software (車輛測試軟件)	set	30	2	60	Study on the integration of wheel-rail articulation light-rail vehicle and system products (輪軌銜接式輕軌車輛及系統產品一體化研究)
10	Vehicle design software (車輛設計軟件)	set	30	2	60	
11	Vehicle development software (車輛開發軟件)	set	4	50	200	
Urban rail intelligent operation and maintenance technology and equipment						
12	Underground infrastructure multi-dimensional online monitoring and intelligent identification system (地下基礎設施多維度在線監測與智能辨識系統)	set	1	150	150	Underground infrastructure intelligent monitoring (地下基礎設施智慧監測)
13	Track health smart analysis software (軌道健康狀態智慧分析軟件)	set	1	200	200	Track detection (軌道檢測)

No.	Equipment	Unit	Quantity	Unit price (RMB'0,000)	Total cost (RMB'0,000)	Use
14	oracle 11g R2 Corporate Version	set	2	30	60	Oracle database
15	Smart operation and maintenance system for urban utility tunnel (城市綜合管廊智慧運維管理系統)	set	1	200	200	Including system specialized software, system configuration, alarm coordination, interface service software
16	ARCGIS	set	1	42	42	GIS system software
17	MapInfo MapXtreme for .net	set	1	4.5	4.5	Internet-based application server with strong cartographic function
18	MapInfo MapXtreme for java	set	1	22.5	22.5	
Smart city and big data technology and application						
19	Algorithm design and development of AI camera intelligent passenger flow monitoring (AI相機智能客流檢測算法設計開發)	set	1	100	100	Development of integrated passenger flow monitoring equipment (一體 化客流監測設備)
20	Software development of AI camera equipment management system (AI相機設備管理系統軟件開發)	set	1	30	30	
21	AI camera embedded software transplant and optimisation (AI相機嵌入式軟件移植及優化)	set	1	30	30	
22	Large-sample metro passenger flow data collection system (大樣本地鐵客流數據採集系統)	set	1	50	50	
23	Standardised data labelling system (標準化數據標注系統)	set	1	60	60	
24	Multi-source security verification data processing and identification warning software (多源安檢數據處理與識別預警軟件)	set	1	200	200	Development of smart, efficient and integrated security verification system (智慧高效一體化安檢系統)
25	Smart control system for urban rail transit passenger flow (城市軌道交通客流智慧管控系統)	set	1	400	400	Collaborative passenger flow control platform (客流協同調控平台)
26	Outdoor people monitoring and warning system (室外人群監控預警系統)	set	1	80	80	Outdoor people monitoring and warning platform (室外人群監控 預警平台)
27	Urban rail transit emergency rescue system (城市軌道交通應急搶險系統)	set	1	300	300	Emergency rescue
28	Comprehensive monitoring system for environment-friendliness of rail transit station (軌道交通車站環境友好性綜合監控系統)	set	1	200	200	Urban rail gas, noise, electromagnetic environment monitoring (城軌氣體、噪聲電磁 環境監控)

No.	Equipment	Unit	Quantity	Unit price (RMB'0,000)	Total cost (RMB'0,000)	Use
29	Cellular signaling data (手機信令數據)	Year	3	60	180	Data
30	Cellular data based data processing platform (基於手機數據的數據處理平台)	set	1	80	80	Cellular data processing platform (手機數據處理平台)
31	Big data infrastructure software (大數據基礎軟件)	set	1	250	250	Cloud platform based urban rail transit automation and integration platform (基於雲平台的城市軌道 交通自動化集成平台)
32	Cloud platform infrastructure software (雲平台基礎軟件)	set	1	250	250	
33	Public cloud service fee	Year	3	80	240	Real-time database connection to public cloud (實時數據庫接入公 有雲)
34	Cloud authorisation	batch	2	5	10	Real-time database connection to cloud pool (實時數據庫接入雲池)
Environmental-friendly construction technology and equipment						
35	MIDAS-CIVIL	set	1	35	35	Structural computation software (結 構計算軟件)
36	ANSYS (Mechanical and Fluent)	set	1	150	150	Multi-purpose numerical analysis of finite element structure and material (多用途的有限元法結構 與材料數值分析)
37	lsdyna	set	1	100	100	Structural dynamics, fluid analysis, etc.
38	FLAC3D	set	1	40	40	Numerical analysis of geotechnical and fluid material
39	PLAXIS	set	1	50	50	Market-oriented analysis software for engineering security assessment
40	SAP84	set	1	2	2	Structural design basic analysis software (結構設計基本分析軟 件)
41	ABAQUS series auxiliary software (ABAQUS 系列配套輔助軟件)	set	1	120	120	Software for numerical analysis of coupled finite element
42	GeoFBA	set	1	20	20	Tunnel structure computation software

No.	Equipment	Unit	Quantity	Unit price (RMB'0,000)	Total cost (RMB'0,000)	Use
43	CRADLE	set	1	60	60	
44	COMSOL	set	1	40	40	Multi-physics field simulation software, underground water channel flow analysis
45	marc	set	1	95	95	Finite element analysis software
46	lusas	set	1	70	70	Bridge, soil and rock, civic engineering
Digital engineering technology and products						
47	3D GIS platform (三維GIS平台)	set	1	20	20	BIM collaborative design platform construction
48	Rapid development platform (快速開發平台)	set	1	20	20	
49	Collaborative software	set	1	200	200	
49	Big data software system	set	6	10	60	Big data computation platform
50	Big data software system service	time	1	5	5	
51	Anylogic	set	1	40	40	Passenger flow simulation
52	PARAMIC software	set	1	12	12	Traffic simulation
53	EXODUS	set	1	50	50	Emergency evacuation simulation
54	Urban rail transit pedestrian simulation platform for decision making support (城市軌道交通行人仿真決策支持平台)	set	1	200	200	Pedestrian simulation platform
55	City Maker software platform	set	2	60	120	Gvitech Technology 3D software (維景行三維軟件)
56	SuperMap software	set	1	40	40	SuperMap software
57	Lightweight web-level BIM secondary development platform (輕量化web級BIM二次開發平台)	set	1	60	60	Development of rail transit station pedestrian micro simulation software (軌道交通車站行人微觀仿真軟件)
58	CAD secondary development platform (CAD二次開發平台)	set	1	20	20	
59	unity 3D visualised development platform (unity3d三維可視化開發平台)	set	1	20	20	
Energy conservation technology and equipment						
60	Metro station energy management system (地鐵車站能源管理系統)	set	1	24	24	To measure energy consumption in metro stations
61	Metro line ventilation and smoke extraction simulation software (地鐵線路通風排煙模擬軟件)	set	1	20	20	For metro tunnel ventilation and fire simulation (地鐵隧道通風火災模擬)

No.	Equipment	Unit	Quantity	Unit price (RMB'0,000)	Total cost (RMB'0,000)	Use
62	Air environment simulation software (空氣環境模擬軟件)	set	1	42	42	For metro tunnel 3D simulation
63	Fire simulation software (火災模擬軟件)	set	1	24	24	For metro tunnel ventilation and fire simulation (地鐵隧道通風火災模擬)
64	Coordinated wind and water conservation control system (風水聯動節能控制系統)	set	1	60	60	For the study, realisation and test of different wind and water coordination plans for metro heating, ventilation and air conditioning system
65	Automatic water treatment control system (自動水處理控制系統)	set	2	9	18	For the realisation, test, and experiment of automatic water treatment performance of the water system of metro ventilation and air conditioning system
66	System fault detection, warning and diagnosis system for metro eletromechanical equipment (地鐵機電設備系統故障檢測報警診斷系統)	set	1	200	200	For fault detection and diagnosis system
67	Core control unit	set	1	20	20	To monitor energy output requests and to control electric charge and discharge of flywheel
68	Magnetic bearing control unit (磁力軸承控制單元)	set	1	20	20	To control the place of flywheel
Testing Center						
69	loadrunner	set	1	100	100	System performance and stress testing
70	QuickTest Professional(QTP)	set	1	13	13	System function and automation testing
Office software						
71	Office software	set	200	2	400	
Total					6908.00	

IV. THE SUPPLEMENT TO WORKING CAPITAL PROJECT

The Company intends to utilize no more than RMB130,000,000 as supplement to liquidity, so as to relieve the liquidity pressure, improve the debt repayment ability, enhance profitability, and strengthen the competitiveness of the Company.

(I) Importance of Supplement to Liquidity**1. *The Company has More Demands on Capital as its Businesses Scale up***

As the urban rail transit sector in China develops rapidly, the Company records steady revenue growth, as a CAGR of 31.89% from 2015 to 2017. The Company is expected to maintain continuous revenue growth stimulated by industry development, expanded client base and the implementation of the projects invested with proceeds in the future. With the increasing revenue and projects, the Company has to ensure that there will be enough monetary funds to meet requirements of projects operation. As project construction has long project and settlement cycles, accounts receivable and inventories are financed by working capital for a long period of time. The Company expects that its demands on working capital will grow with the increasing number of contracted projects.

2. *The Company Can Improve Operation Efficiency by Optimized Financial Structure*

As the Company records rapid business development and significant improvement in operating results, its liabilities stay at a high level for a long time. The high gearing ratio, the significantly improved operating results and increasing PPP projects lead to the rapid growth of financing costs in recent years, which, to some extent, impacts the profitability of the Company. Utilizing part of the proceeds raised in this offering as supplement to liquidity, the Company will lower its liability level properly, cut down financing costs, optimize its financial structure, improve overall profitability and establish a firm foundation for future development.

(II) Arrangement for Supplement to Liquidity

The Company will set up a special reserve and utilization management system on raised proceeds, and the board of directors will be responsible for effective implementation of the system. The proceeds will be deposited in the designated account as instructed by the board of directors; and the account will not accept funds from other sources and will not be utilized for other purposes. When receiving the proceeds, the Company will sign escrow agreements with the sponsor and the commercial bank with which the proceeds are deposited, and it will strictly follow regulations about capital raised which are set out by the CSRC and the stock exchanges.

When withdrawing such funds, the Company will refer to actual business development and make reasonable investment schedule and allocation after rational estimate and reasonable deployment, ensuring that the funds are utilized in a safe and effective way, and that interest of shareholders are protected and improved. In the payment process, the Company will utilize such fund in strict accordance with financial management system and fund approval procedures.

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For the year ended 31 December 2018, the Group's total assets amounted to RMB16,402 million, representing an increase of RMB2,060 million or 14.36% as compared to the total assets of RMB14,342 million for the corresponding period of last year. The Group's net assets amounted to RMB4,583 million, representing an increase of RMB400 million or 9.56% as compared to the net assets of RMB4,183 million for the corresponding period of last year.

For the year ended 31 December 2018, the Group' revenue amounted to RMB7,186 million, representing an increase of RMB213 million or 3.05% as compared to the revenue of RMB6,973 million for the corresponding period of last year. The Group's net profit amounted to RMB554 million, representing an increase of RMB42 million or 8.20% as compared to the net profit of RMB512 million for the corresponding period of last year.

For the year ended 31 December 2018, the Group's net cash outflows used in operating activities amounted to RMB711 million. The Group's net cash flow from investing activities amounted to RMB228 million. The Group's net cash flow from financing activities amounted to RMB984 million.

BALANCE SHEET

Unit: RMB'000

	2018	2017	% of change
NON-CURRENT ASSETS			
Property, plant and equipment	498,519	435,912	14
Prepaid land lease payments	221,170	226,310	(2)
Intangible assets	7,074	6,185	14
Investments in joint ventures	103,130	38,445	168
Investments in associates	98,679	103,192	(4)
Available-for-sale investments	–	19,902	(100)
Financial assets at fair value through other comprehensive income	8,650	–	100
Deferred tax assets	128,537	105,541	22
Financial receivables	2,897,230	3,641,891	(20)
Contract assets	1,478,469	–	100
Trade receivables	–	33,421	(100)
Prepayments, other receivables and other assets	354,051	371,702	(5)
Total non-current assets	5,795,509	4,982,501	16

Unit: RMB'000

	2018	2017	% of change
CURRENT ASSETS			
Prepaid land lease payments	5,152	5,163	–
Inventories	99,947	79,616	26
Trade and bills receivables	3,254,521	2,357,225	38
Prepayments, other receivables and other assets	712,563	1,363,596	(48)
Amounts due from contract customers	–	1,941,949	(100)
Contract assets	2,311,571	–	100
Financial receivables	309,235	208,730	48
Pledged deposits	21,214	21,177	–
Cash and bank balances	3,892,576	3,381,887	15
Total current assets	10,606,779	9,359,343	13
Total assets	16,402,288	14,341,844	14

Unit: RMB'000

	2018	2017	% of change
CURRENT LIABILITIES			
Trade payables	2,849,156	2,677,859	6
Amount due to contract customers	–	1,531,631	(100)
Other payables, advances from customers and accruals	3,892,892	2,221,156	75
Interest-bearing bank and other borrowings	508,400	230,000	121
Provisions for supplementary retirement benefits	3,690	3,650	1
Tax payables	38,646	57,616	(33)
Provision	27,121	–	100
Total current liabilities	7,319,905	6,721,912	9
NET CURRENT ASSETS	3,286,874	2,637,431	25
TOTAL ASSETS LESS CURRENT LIABILITIES	9,082,383	7,619,932	19
Deferred income tax liabilities	4,038	3,073	31
Interest-bearing bank loans	4,098,225	3,077,432	33
Provisions for supplementary retirement benefits	65,836	58,530	12
Other payables and accruals	292,131	288,954	1
Provision	39,048	8,625	353
Total non-current liabilities	4,499,278	3,436,614	31
Total net assets	4,583,105	4,183,318	10
Equity attributable to owners of the parent			
Paid-up capital	1,348,670	1,348,670	–
Reserves	2,969,181	2,571,906	15
Non-controlling interests	265,254	262,742	1
Total equity	4,583,105	4,183,318	10

INCOME STATEMENT

Unit: RMB'000

	2018	2017	% of change
Revenue	7,186,146	6,972,545	3
Cost of sales	(5,762,345)	(5,629,327)	2
Gross profit	1,423,801	1,343,218	6
Other income and gains	348,188	271,064	28
Selling and distribution expenses	(90,395)	(96,636)	(6)
Administrative expenses	(710,714)	(610,998)	16
Impairment loss of financial assets and contract assets, net	(85,123)	(106,724)	(20)
Other expenses	(103)	(52,008)	(100)
Financial cost	(189,931)	(141,244)	34
Share of profits and losses of:			
Joint ventures	(13,594)	(1,659)	719
Associates	4,803	3,742	28
PROFIT BEFORE TAX	686,932	608,755	13
Income tax expense	(133,126)	(96,746)	38
PROFIT FOR THE YEAR	553,806	512,009	8
Profit attributable to:			
Owners of the parent	562,382	495,919	13
Non-controlling interests	(8,576)	16,090	(153)
Other comprehensive income for the year, net of tax	(7,412)	(3,433)	116
Total comprehensive income for the year	546,394	508,576	7
Total comprehensive income attributable to:			
Owners of the parent	554,970	492,486	13
Non-controlling interests	(8,576)	16,090	(153)

CONSOLIDATED STATEMENT OF CASH FLOWS

Unit: RMB'000

	2018	2017	% of change
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	686,932	608,755	13
Adjustments for:			
Finance costs	189,931	141,244	34
Foreign exchange differences, net	(9,671)	12,818	(175)
Interest income	(327,798)	(265,935)	23
Share of losses and (profits) of associates and joint ventures	8,791	(2,083)	(522)
Gain on disposal of available-for-sale investments	–	(1,975)	(100)
Gains on disposal of financial assets at fair value through profit and loss	(4,933)	–	(100)
Depreciation of items of property, plant and equipment	82,292	37,264	121
Amortisation of intangible assets	2,906	3,134	(7)
Amortisation of prepaid land lease payments	5,151	4,053	27
Impairment of trade receivables, net	106,305	78,457	35
Impairment of financial receivables, net	570	–	100
Impairment of other receivables, net	1,459	4,695	(69)
Impairment of amounts due from contract customers, net	–	23,572	(100)
Reversal of impairment of contract assets, net	(23,211)	–	(100)
Provision for foreseeable losses on contracts, net	13,225	39,098	(66)
Loss on disposal of items of property, plant and equipment, net	103	92	12

Unit: RMB'000

	2018	2017	% of change
Increase in inventories	(20,331)	(12,541)	62
Change in contract assets	(3,779,145)	–	100
Change in amounts due from/to contract customers	410,318	267,852	53
Increase in trade and bills receivables	(950,704)	(581,444)	64
Decrease in prepayments, other receivables and other assets	472,625	193,517	144
Decrease/(increase) in financial receivables	640,947	(1,617,504)	(140)
Increase in trade payables	167,830	669,331	(75)
Increase in other payables and accruals	1,645,185	686,976	(139)
Increase in provision	44,319	8,625	413
Increase in provisions for supplementary retirement benefits	156	3,680	(96)
Cash flows (used in)/from operations	(636,748)	301,681	(311)
Interest received	95,578	54,279	76
Income tax paid	(169,444)	(122,170)	39
Net cash flows from/(used in) operating activities	(710,614)	233,790	(404)

Unit: RMB'000

	2018	2017	% of change
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of items of property, plant and equipment	(119,154)	(120,754)	(1)
Payments for acquisition of intangible assets	(3,795)	(1,161)	227
Payments for acquisition of land use right	–	(202,880)	(100)
Purchase of available-for-sale investments		(577,000)	(100)
Purchase of financial assets at fair value through profit and loss	(445,000)	–	100
Acquisition of subsidiaries, by net cash	1,297	–	100
Addition of investment in associates and joint ventures	(78,280)	(85,000)	(8)
Net proceeds from disposal of items of property, plant and equipment	921	934	(1)
Proceeds from disposal of available-for-sale investments	–	578,976	(100)
Disposal of financial assets at fair value through profit and loss	461,186	–	100
Dividends received from associates	637	588	8
Borrowings granted to joint ventures and associates	–	(483,000)	(100)
Withdrawal of borrowings to joint ventures and associates	409,954	–	100
Increase in pledged deposits	(37)	34,227	(100)
Net cash flows from investing activities	227,729	(855,070)	(127)

Unit: RMB'000

	2018	2017	% of change
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the employee stock ownership scheme	–	260,680	(100)
Interest paid	(186,206)	(136,364)	37
Dividends paid to shareholders	(134,058)	(126,758)	6
Dividends paid to non-controlling shareholders	(9,804)	(573)	16.11
Capital contribution from non-controlling shareholders	15,000	28,421	(47)
Capital withdrawal from non-controlling shareholders	–	(4,500)	(100)
New bank and other borrowings	1,459,193	1,509,032	(3)
Repayment of bank and other borrowings	(160,000)	(80,000)	100
Net cash flows from financing activities	984,125	1,449,938	(32)
Net increase in cash and cash equivalents	501,240	828,658	(40)
Cash and cash equivalents at beginning of year	3,381,687	2,565,652	32
Effect of exchange rate changes on cash and cash equivalents	9,449	(12,623)	(175)
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,892,376	3,381,687	15

REPORT ON 2019 INVESTMENT PLAN

I. GENERAL DESCRIPTION OF 2019 INVESTMENT

In 2019, the Company will actively adapt the new normal of economy and accelerate the transformation and development. At the investment level, the Company will adhere to capital drive and promote steady development of new businesses. According to the deployment of the Company's overall strategic plan, the Company will strive for model innovation by combining its advantages in both creative thinking and capital, and will continue to focus on extensively exploring rail transit market, innovate business model, actively develop new markets and progressively promote diversified investment construction business. By actively exploring new profit models based on the Company's core strengths and by integrating techniques in which it has an advantageous edge, the Company will commence industrialisation operations with a view to forming new profit growing points for the Company. Founded on the development of the Company's rail transit industrial business, the Company will extend its industrial business to high-value-added business, and promote operation and maintenance capabilities.

In 2019, the Company plans to complete an investment of RMB5,631.5 million, among which, RMB269 million is proposed to be invested in fixed assets; RMB1,637.5 million is proposed to be invested in equity; RMB3,725 million is proposed to be invested in construction projects such as PPP, EPC and TOD in, among others, Nanjing and Huangshan. The details are as follows:

List of investment plans in 2019

Unit: RMB100 million

No.	Details on investment completion	Proposed investment amount in 2019	Percentage of the total investment structure	Remarks
1	Investment in fixed assets and intangible assets	2.69	4.78%	
2	Investment in equity	16.375	29.08%	
3	Investment in financial related area	Nil	Nil	
4	Project investment	37.25	66.14%	
Total		56.315	100%	

(I) Investment in Fixed Assets (proposed investment in 2019: RMB269 million)

RMB269 million is proposed to be invested in fixed assets in 2019. The details are as follows:

Unit: RMB100 million

No.	Project name	Proposed investment of 2019	Remarks
1	Reconstruction of office building	2.26	
2	Machinery and equipment	0	
3	Transportation equipment	0.01	
4	Office equipment	0.42	
5	Others	0	
Total		2.69	

(II) Investment in Equity (proposed investment in 2019: RMB1,637.5 million)

The total investment of the equity investment plan of the Company is proposed to be RMB1,637.5 million in 2019, among which, RMB1,254 million is proposed to be invested in 3 equity investment projects at hand, and RMB383.5 million is proposed to be invested in 3 equity investment projects under proposition. The details are as follows:

List of equity investment plans in 2019 (new)

Unit: RMB100 million

No.	Name of equity investment project	Proposed investment amount in 2019	Remarks
1	PPP Project of Civic Center in Huangdao District, Qingdao City (青島市黃島區市民中心PPP項目) (at hand)	0.023	Total static investment in PPP Project of Civic Center in West Coast New Area (Huangdao District), Qingdao is RMB1,643 million; registered capital accounts for 20% of the total static investment (estimated) in this project, i.e., RMB329 million. Beijing Urban Construction Design & Development Group holds 1% equity in the project company through a capital contribution of RMB3.29 million. Initial capital contribution in 2019 is RMB2.3 million.

No.	Name of equity investment project	Proposed investment amount in 2019	Remarks
2	PPP Project of Shaoxing Rail Transit Line 1 (紹興軌道交通1號線PPP項目) (at hand)	1.447	Total investment in PPP Project of Shaoxing Rail Transit Line 1 is RMB19,778 million, and project capital accounts for 40% of the total investment, being RMB7,881 million. Beijing Urban Infrastructure Construction Investment Fund Management Co., Ltd. (北京城建基礎設施投資基金管理有限公司), a wholly-owned subsidiary of Beijing Urban Construction Design & Development Group, holds 7.65% equity in the project company through a capital contribution of RMB603 million. Total capital contribution in 2019 is RMB144.7 million.
3	PPP Project of Kunming Rail Transit Line 4 (昆明市軌道交通4號線PPP工程)	11.07	Total investment within the scope of PPP Project of Kunming Rail Transit Line 4 is approximately RMB6,118 million. Project capital accounts for 40%, i.e., RMB2,447 million. Beijing Urban Construction Design & Development Group holds 78.28% equity through a capital contribution of RMB1,916 million. A capital contribution of RMB1,107 million is proposed to be made by Beijing Urban Construction Design & Development Group in 2019.
Subtotal		12.54	

No.	Name of equity investment project	Proposed investment amount in 2019	Remarks
4	Changsha City Project (under proposition)	1.4	
5	Mentougou District Project (under proposition)	0.035	
6	Huangshan City Project (under proposition)	2.4	
Subtotal		3.835	
Total		16.375	

(III) Investment in Financial Related Area

The Company does not propose for investment in financial related area in 2019.

(IV) Project Investment (proposed investment in 2019: RMB3,725 million)

In 2019, the Company will continue to take a market-oriented approach, seek for growth driven by capital, effectively utilize its advantages in rail transit market, adjust business directions and specific operation models in due time in light of industry policies, and fully exploit, explore and demonstrate new business models, such as ABO and PPP+. In addition, the Company will penetrate capital market, innovate financing models, promote sound capital operation of the Company, and achieve improvement in both scale and quality. In 2019, the Company proposes to invest RMB3,725 million in projects, among which, RMB1,425 million is proposed to be invested in 3 projects at hand, and RMB2,300 million is proposed to be invested in 3 projects under proposition. The details are as follows:

List of proposed project investment in 2019*RMB100 million*

No.	Project category	Investment projects	Project mode	Ttal investment	Actual investment as of the end of 2018	Proposed investment in 2019	Remarks
1	Project at hand	PPP Project of Zunyi-Fengxin Expressway (continuing construction) (遵義市鳳新快線工程PPP項目(續建))	PPP	18	16.03	1.94	
2		PPP Project of Airport Avenue Mid-section, Dianzhong New District (Wenlin Road to North Airport Highway) (continuing construction) (滇中新區空港大道中段(文林路至機場北高速)工程PPP項目(續建))	PPP	17.26	17.26	0	
3		PPP Project of Shunyi Modern Tramcar Line T2 (順義現代有軌電車T2綫工程PPP項目)	PPP+EPC	31.4	0.95	0	Suspended

No.	Project category	Investment projects	Project mode	Ttal investment	Actual	Proposed	Remarks
					investment as of the end of 2018	investment in 2019	
4		PPP Project of Linxi Road Construction, Pukou District, Nanjing (new construction) (南京市浦口區林西路建設工程項目(新建))	PPP	15.01	0.445	6.53	
5		PPP Project of Infrastructure Construction of Donghuangshan International Town (東黃山國際小鎮基礎設施PPP項目)	PPP	18.2	0.9	5.78	
Subtotal					35.585	14.25	
6	Project under proposition	Qingdao Project	TOT+BOT+RC	28.71	0	3	
7		Chongqing City Project	PPP+TOD	150		10	
8		Shangrao City Project	PPP	200		10	
Subtotal						23	
Total					35.585	37.25	

II. INVESTMENT MANAGEMENT STRATEGY

1. Extensively developing market, innovating business and exploring new investment and financing modes. In 2019, with the implementation of various new policies on PPP, PPP development in the future will significantly tend to be legal, prudent and institutional. In such a context, in respect of investment and financing business, the Company will continue to uphold the thought of “led by the headquarters and design, and driven by investment”, and adhere to the strategic guideline of developing urban rail transit business as its core business, actively developing PPP markets including municipal railway and intercity railway, to focus on the main industry, extensively develop markets and innovate business. In addition, the Company will keep abreast of the latest policies in a timely fashion, adjust business direction in due time in light of industry policies, and extensively explore and apply new models, including ABO (Authorisation –Building-Operation) and PPP+ (EPC, TOD, RC).
2. Exploring diversified financing channels for PPP projects by leveraging the reputation as a listed company. The Company will understand relevant financial policies in a thorough and detailed manner, and explore feasible financing methods from multiple perspectives, through multiple channels and in multiple aspects in light of the environment in financing market. Based on the capital needs for business expansion of the Company and focusing on revitalising stock assets and improving asset liquidity and giving consideration to increasing rate of return on investment, the Company will actively implement PPP asset-backed securitisation, explore the issuance of PPP special bonds, USD bonds, try to participate in equity investment and effectively satisfy whole life cycle capital needs of investment and financing business of the Company.
3. Researching and developing big data integrated management cloud platform for PPP projects by advanced information means. The Company will, by leveraging network big data and fully exploiting the value of data, provide data support to the analysis of PPP project investment and financing markets, achieve whole-process regulation, risk identification, risk prevention, asset management and performance assessment services of PPP projects through development of integrated information management system, and provide effective support to the access of PPP project market information and efficient whole-process capital management of PPP investment projects of the Group.

III. ESTABLISHMENT PLAN OF INVESTMENT AND FINANCING MANAGEMENT SYSTEM

In 2018, investment process and management system of the Company were properly executed as a whole. In order to further optimise the investment management system of the Company, the following tasks are proposed to be implemented in 2019:

1. Establishing and improving investment standardisation management, improving investment decision-making efficiency and enhancing corporate economic benefits, effectively preventing investment risks, achieving coordination and cooperation among relevant departments and whole-process management of PPP projects, developing investment and financing management system of the Company and promoting relevant departments to study and effectively apply the system.
2. Guaranteeing the capital security and utilisation of capital for specified purpose in relation to PPP project financing, achieving the multi-dimensional integrated management objective of integrated investment and capital operation, integrated investment and financing operation, integrated investment and operation management, standardising whole life cycle capital management of PPP projects from investment and financing to construction and operation, guaranteeing the security in capital utilisation and improving capital utilisation efficiency.
3. Actively fulfilling the key requirement of the State on “improving prevention and control capabilities to strive to prevent and mitigate material risks, maintaining sustainable and sound economic development and overall social stability”, further strengthening risk control management of investment projects of the Company and improving whole-chain risk control system of PPP projects. Based on the PPP project management experience accumulated by the Company at present, summarising the risks in each link of PPP projects, identifying risks, and establishing a comprehensive risk prevention and management system covering all links of PPP projects for latent risks, to effectively guarantee the smooth implementation of PPP projects.

In 2019, the Company will continue to implement diversified capital operation and keep improving, practicing and pioneering by focusing on actively developing new investment and financing business, based on compliance management and risk management and control and targeting at achieving stable investment efficiency, so as to improve its capabilities in capital operation and integrating business and resource of the Company, guarantee the steady progress in investment and financing business and give a full play to the leading and guiding role of investment and financing business.

**BEIJING URBAN CONSTRUCTION DESIGN &
DEVELOPMENT GROUP CO., LIMITED
REPORT OF THE BOARD OF DIRECTORS FOR 2018**

In 2018, the Board of Directors of the Company strictly observed the laws and regulations such as the Company Law, the Securities Law, the Hong Kong Listing Rules and the relevant provisions of the Articles of Association, implemented the Rules of Procedure for the Board of Directors to diligently perform its duties delegated by the general meeting, and actively promoted various business development of the Company by operating in compliance with regulations and by scientific decision-making. Facing the changing policy environment and the complicated market condition, the Company leveraged the edges in the rail transit sector, led its business market and seized opportunities to expand into new business under an innovative model, and achieved outstanding results as a whole through synergy development of the whole industry chain and linkage of all segments. Based on the “13th Five-Year” development plan of the Company, the Company orderly implemented its various work with an overall favourable development trend. The report on the work of the Board of Directors for 2018 is hereby presented.

I. OPERATION OVERVIEW OF THE COMPANY DURING THE REPORTING PERIOD

As at 31 December 2018, the Company’s revenue amounted to RMB7,186 million, representing an increase of RMB213 million or 3.05% as compared to the revenue of RMB6,973 million for the corresponding period of last year. The Company’s net profit amounted to RMB554 million, representing an increase of RMB42 million or 8.20% as compared to the net profit of RMB512 million for the corresponding period of last year.

First, the rail transit design and consultancy business, the Company’s long existing and core business, maintained the most market share in the country. The Company has newly obtained six general contracting projects of design, including Phase II Project for Chongqing Rail Transit Line 4 and Xi’an High-tech Zone Cloud Track Demonstration Line, and continued to be crowned in the “2018 China Urban Rail Transit Design General Contracting List”. The Company made a new breakthrough in the civil air defense market. It entered Xiong’an, a national level new district, for the first time and expanded into more than ten cities including Dongying, Guiyang and Huizhou. The first urban light rail of Vietnam was successfully put into operation, achieving Chinese design and Chinese standards going abroad and expanding its business into 65 domestic and overseas cities with urban rail transit.

Second, the marketing amount of survey business has exceeded RMB1 billion for three consecutive years, and the marketing amount of geotechnical business has reached RMB400 million, becoming a dark horse in results. Our market layout has expanded into Wuhu, Jinhua, Qitai, Wenling, Jingmen, Ganjiang, Ningde, Jiaxing, Beihai and Ezhou. We have emerged diversified achievements, achieving nearly an aggregate contract amount of approximately RMB100 million for GSHP (Ground Source Heat Pump) of the International Horticultural Exhibition, Beihai Water Environment Improvement Monitoring, Luohan Mountain Tunnel Monitoring and Wuhan Metro Damage Monitoring. The smart city big data platform has made significant progress, and the survey data collection system developed independently has been successfully launched and approved to access the quality monitoring platform of the Beijing Municipal Planning Commission, which laid an important foundation for subsequent development.

Third, the Company made new progress in the PPP business segment and was awarded with two PPP projects for Linxi Road in Nanjing and infrastructure in Donghuangshan, with a total investment of approximately RMB6 billion. Closely following macroeconomic policies, actively responding to issues including difficult and costly financing, the Company fully engaged in financing operations, and obtained funds of RMB3 billion for projects, satisfying the capital needs for newly signed PPP projects.

Fourth, the influence of civil construction design was further improved. The Company undertook the design of three major venues of the 2022 Winter Olympic Games and became a “dual Olympics” design enterprise. We have obtained projects with significant impact such as the Beijing Garden of 2019 Beijing International Horticultural Exhibition, Haikou Dongjiang International Free Trade Zone, and Beijing Chaoyang Wanmu Forest Park. We made greater effort in TOD design market, and newly signed six integrated design projects including Beijing Xiejiacun, Ciqunan, Dongxiaoying and Dongba. We undertook EPC design through cooperation with strong alliance, and obtained the Ganjiang Hongxin Building, the border inspection of Beijing New Airport, and the Qingdao Chaidao Landscape Project. The municipal business obtained the Quanzhou Haiwan Avenue project with an amount of RMB80 million, and won the project of water environment treatment of Shenzhen Greater Airport Area and Pingshan District, and the Company was promoted as an advanced enterprise in water environment treatment. We newly signed design contracts for the utility tunnel of Auxiliary Road of 107 National Road in Zhengdong New District and 35,000 suites of houses in Mozambique. We further developed overseas markets and improved our presence in urban construction design in overseas markets.

Fifth, the engineering general contracting market achieved a milestone breakthrough. The consortium comprising UCD and China Railway Construction, etc. won the bid of RMB11.2 billion for Guangzhou Rail Transit Line 10. The Delingha Tram Phase I, the highest altitude tram in the world, has been put into operation. The engineering general contracting business is moving towards the goal of larger market scale, stronger management capability and higher income level.

Sixth, the technology industrialisation has reached a new height. The modern production inspection and testing centre and the joint debugging and testing centre have been completed and put into operation, and the new product development and testing capabilities were further upgraded. The cloud transportation automation system, which has independent intellectual property rights and deep integration of weak current systems such as the traffic control and general monitoring, owned 16 copyrights, obtained the central enterprise industry fund and was successfully launched. Our technology industrialisation has formed four product series of tram intelligent control, track series, metro automation and utility tunnel, with an annual marketing volume exceeding RMB300 million.

Seventh, the Company developed high-end technological innovation platforms, and was successfully approved as national innovation platform – Postdoctoral Research Station, opening up a channel for developing and attracting high-end talents. The Company led in undertaking Beijing Enterprise Innovation Center, bringing together industry leaders at home and abroad and leading in the development of green urban construction technologies. Construction of National Engineering Laboratory has been completed basically which has become a base for technological R&D, tackling key problems and transformation of achievements.

II. DAILY WORK OF THE BOARD

In 2018, the Board of Beijing Urban Construction Design & Development Group Co., Limited held eight Board meetings in total, including one Board meeting held by non-executive Directors, at which 55 proposals were considered and corresponding resolutions were passed. Details are as follows:

On 15 March 2018, the Company held the 32nd extraordinary meeting of the first session of the Board, at which the Proposal on Provision of Loan Guarantee to Beijing Shengtong Real Estate Development Co., Ltd. (北京晟通置業發展有限公司) was considered and passed.

On 29 March 2018, the Company held the 33rd meeting of the first session of the Board, at which a total of 34 proposals were considered and passed, including the Proposal on Consideration of the 2017 Annual Financial Report, the Proposal on the Report on Use of Raised Proceeds, the Proposal on Consideration of Audited Consolidated Financial Statements for the Year of 2017 and Its Summary, the Proposal on Consideration of 2017 Profit Distribution Plan and Recommendation on Dividend Declaration, the Proposal on Consideration of the 2018 Annual Operation Plan, the Proposal on Consideration of the 2018 Annual Financial Budget, the Proposal on Consideration of the 2017 Performance of Completion of Investments and 2018 Investment Plan, and proposals on IPO of A Shares.

On 29 June 2018, the Company held the 34th extraordinary meeting of the first session of the Board, at which a total of three proposals were considered and passed, including the Proposal on Nomination of the Directors of the Second Session of the Board of the Company.

On 15 August 2018, the Company held the 1st meeting of the second session of the Board, at which, a total of 12 proposals were considered and passed, including the Proposal on Election of the Chairman of the Second Session of the Board of the Company, the Proposal on Proposed Appointment of Members of the Second Session of Audit Committee, Nomination Committee, Remuneration Committee and Overseas Risk Control Committee, the Proposal on Amendments to the Articles of Association, the Proposal on the Non-Public Issuance of H Shares by the Company in 2018 and the Proposal on the Issuance of Perpetual Bonds (or USD Bonds and Corporate Bonds) by the Company.

On 28 August 2018, the Company held the 2nd meeting of the second session of the Board, at which, the Proposal on Approval of the 2018 Interim Results Announcement and Interim Report of the Company was considered and passed.

On 20 November 2018, the Company held the 3rd meeting of the second session of the Board, at which, the Proposal on the Establishment of Beijing Urban Construction Design & Development Group Guangzhou Construction Co., Ltd. (北京城建設計發展集團廣州建設有限公司) was considered and passed.

On 28 December 2018, the Company held the 5th meeting of the second session of the Board, at which, the Proposal on the Establishment of Delingha Tram Operation Corporation (德令哈市有軌電車運營公司), the Proposal on Capital Increase to Beijing Urban Construction Xinjie Consulting Co., Ltd. (北京城建信捷軌道交通工程諮詢有限公司), and the Proposal on Expansion of Business Scope of the Company and Amendments to the Articles of Association were considered and approved.

The Board supervised the implementation of investment resolutions and continued to focus on investment progress in accordance with the requirements in the Listing Rules.

On 8 August 2018, the Company and Huangshan District State-owned Assets Operation Corporation of Huangshan City (黃山市黃山區國有資產運營公司) established Huangshan Jingjian Capital Construction Investment Co., Ltd. (黃山京建投資建設有限公司). The Company and Huangshan District State-owned Assets Operation Corporation of Huangshan City hold 90% and 10% equities in this company, respectively. This company is a non-wholly-owned subsidiary of the Company, with a registered capital of RMB100 million.

On 19 September 2018, the Company, Nanjing Pukou Economic Development Co., Ltd. (南京浦口經濟開發有限公司) and Beijing Urban Infrastructure Construction Investment Fund Management Co., Ltd. (北京城建基礎設施投資基金管理有限公司) established Jiangsu Jingjian Capital Construction Investment Co., Ltd. (江蘇京建投資建設有限公司). The Company, Nanjing Pukou Economic Development Co., Ltd. and Beijing Urban Construction Infrastructure Investment Fund Management Co., Ltd. hold 89%, 10% and 1% equities in this company, respectively. This company is a non-wholly-owned subsidiary of the Company, with a registered capital of RMB50 million.

On 22 November 2018, the Company established Beijing Urban Construction Design & Development Group Guangzhou Construction Co., Ltd. (北京城建設計發展集團廣州建設有限公司), a wholly-owned subsidiary of the company, with a registered capital of RMB10 million.

III. MANAGEMENT OF CONTINUING CONNECTED TRANSACTIONS

Beijing Investment Company is one of the substantial shareholders of the Company and constitutes a substantial connected person under the Listing Rules. Pursuant to the requirements of the Stock Exchange, the Company and Beijing Investment Company entered into an agreement on continuing connected transactions on 15 August 2018 and set the annual caps for survey and design segment and construction contracting segment for the three consecutive years from 2019 to 2021, hence improving the efficiency of business development and decision making on connected transactions of the Company in the future.

IV. ISSUES

In 2018, the overall performance of the Group was in good position. Although the result was positive, we should be also clearly aware of the existing problems and shortcomings: Firstly, the Company should resolve the conflicts arising from the unmatched pace between the rapid growth in PPP, TOD and other new businesses of the Company and the financing means and funds of the Company. Secondly, the Company should strengthen risk control in major investment projects, enhance refined management, and improve profitability. Thirdly, collaborations of the whole industrial chain and information construction and other aspects are the main drivers to the scale development of the Company, which has shown positive signs, and further enhancement is expected; and the reporting process of A-share IPO still needs to be expedited. Fourthly, the Company should study and capitalise on the control policies and industrial policies issued by the government over the capital markets while strengthening the management level of market value and improving corporate governance structure of the Company. All committees under the Board are expected to play a greater role in the Company.

V. THE KEY WORKS OF THE BOARD IN 2019

In 2019, we will celebrate the 70th anniversary of the founding of New China. It is also a crucial year for the Company to achieve its goal of becoming a ten-billion-worth company in 2020. We will continue to pursue stable development by fully developing our characteristics, centralize market forces to comprehensively promote the field-wide design and consultancy, accelerate the international layout of various businesses, and launch new products and track new markets while extensively developing potential markets. In respect of construction contracting segment, we should summarise and form an efficient management and control model and make a new breakthrough in improving profitability. The Company will unswervingly insist on the main development line, and closely focus on urban rail transit industry chain, to continue to improve design and consultancy and engineering general contracting, actively develop new business, accelerate management upgrading, enhance industrial synergy, effectively utilise capital link and keep improving corporate management level. The key works of the Board in 2019 are as follows:

1. With the guidance of the 13th Five-Year (2016–2020) development plan of the Company, the Company will pursue dynamic management and take advantages of capital market platform to expedite the process of A-share IPO and launch H+A dual financing channel so as to adapt to the demands for funds of rapid development of the Company.
2. In the general context of slowdown in the investment in the construction of urban infrastructure, the Company will effectively utilise advantages in marketing network, industry-wide layout, whole-process design, condense market forces, and steadily improve business results. First, the Company will make use of its influence given to the leading position of its urban rail transit business, attach great importance to marketing and contract performance, leverage full the A-grade qualification to extend the scope of design, enhance technical quality management at all levels and perform major projects at a high standard. Second, the Company will achieve the upgrading and transformation of design tools in civil engineering and municipal design segment, to innovate and stimulate operations in the segment with a flexible mechanism. The Company will launch new design products, give a full play to expert team, devote to competitive products such as integrated development of transportation hub and utility tunnel. Third, based on high-standard performance and marketing of the engineering general contracting, the Company will properly perform the contracts of projects at hand, keep enhancing refined management, develop quality and efficiency improvement mechanism, improve project profitability, and diligently build the rail transit construction brand of UCD.

3. The Company will steadily push forward qualified PPP and TOD businesses, and cultivate new capabilities of operation and management by leveraging the practices in Kunming Rail Transit Line 4 and Delingha Modern Tramcar projects, etc. The Company will improve integrated development product line, continue to expand industrial performance scale and innovate industry incubation mode, so as to provide valuable strategic superior resources for robust corporate development. In addition, by leveraging the advantages as a listed company, the Company will innovate investment and financing modes and explore asset-backed securitisation, and seek for corporate mergers and acquisitions and other external expansions subject to the market condition and according to the development strategies of the Company. The Company will reinforce the market value management system and capital operation system so as to fully enhance the value of the Company.
4. The Company will further improve the corporate governance structure, exert the functions of the specialised committees, and fully reflect decision-making functions and strategic role of the Board in corporate governance in response to the changing industry policies and market environment.

**BEIJING URBAN CONSTRUCTION DESIGN &
DEVELOPMENT GROUP CO., LIMITED
REPORT OF THE BOARD OF SUPERVISORS FOR 2018**

During the year of 2018, all members of the Board of Supervisors performed their supervisory duties diligently in accordance with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited in a stringent manner, strictly abided by the principle of good faith and through supervision over meetings and focusing on supervision over financial matters and compliance of internal control, effectively facilitated the efficient operation of the Company's corporate governance and proactively protected the interests of the shareholders, the Company and its employees.

I. MEETINGS OF THE BOARD OF SUPERVISORS

During the Year, the Board of Supervisors convened two meetings in total, at which the Proposal on Consideration of the Report of the Board of Supervisors of the Company for the Year 2017, the Proposal on Amendments to the Rules of Procedure for the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited, and the Proposal on the Formulation of the Rules of Procedure for the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited for Implementation upon A-share IPO and Listing were considered and approved in March 2018, respectively, and the Proposal on the Chairman of the Second Session of the Board of Supervisors of the Company was considered and passed in August 2018.

II. WORK OF THE BOARD OF SUPERVISORS

The Supervisors attended the meetings of the Board and the general meetings of the Company held in 2018 to monitor the validity and compliance of convening of and proposals and resolutions made during the meetings of the Board and general meetings of the Company as non-voting attendees, and supervised and reviewed the operation compliance, the major operating activities and the corporate governance structure, financial audit as well as the performance of duties of Directors and senior management of the Company, and provided advice to the Board.

The Board of Supervisors continued to focus on financial matters and compliance of internal control, supervised and urged the Company to run its business according to laws and regulations, regulated the corporate governance structure, attended to the critical issues within its scope of responsibility which were resulted from the changes of the Hong Kong Listing Rules or the Company's operations and management, and offered advice and reasonable suggestions to the management, the scope of which involved compliance adjustment, risk prevention, operation and management and other aspects from the perspective of sustainable and healthy development of the Company. The employee representative Supervisors also fully expressed employees' requests in the supervision process, and earnestly protected employees' legal rights and interests.

III. CHANGE OF MEMBER OF THE BOARD OF SUPERVISORS

The terms of office of the members of the first session of the Board of Supervisors of the Company expired on 21 October 2016. Therefore, in accordance with the Company Law and the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited, the election of Supervisors of the second session of the Board of Supervisors was held during the Reporting Period; and the election of Supervisors of the second session of the Board of Supervisors was implemented at the 2018 first extraordinary general meeting held on 15 August 2018. Mr. Yuan Guoyue, Ms. Nie Kun, Ms. Zhao Hong, Mr. Chen Rui and Mr. Zuo Chuanchang were appointed as the candidates for Supervisors of the second session of the Board of Supervisors to form the second session of the Board of Supervisors with the employee representative Supervisors, namely Ms. Yang Huiju, Mr. Liu Hao and Mr. Ban Jianbo. At the meeting held on 15 August 2018, the Board of Supervisors of the Company elected Mr. Yuan Guoyue as the Chairman of the second session of the Board of Supervisors. For details, please refer to the announcement of the Company published on 15 August 2018.

IV. INDEPENDENT OPINIONS ISSUED BY THE BOARD OF SUPERVISORS

The Board of Supervisors issues the following opinions in relation to the supervision and inspection work of the Company during the Year:

The Company compliantly and legally carries out corporate governance and business expansion. The Directors and senior management of the Company had loyally performed their duties set forth in the Articles of Association, stringently abided by diligence and good faith, and consistently and effectively executed all resolutions of the general meetings and the Board. No Director or member of the senior management was found to have committed any breach of laws, regulations or the Articles of Association or to have infringed any rights or interests of the shareholders, the Company or its employees when performing his or her duties.

The reports during the financial results period are authentic and complete. The reviewed financial statements for the interim period of 2018 and the audited annual financial statements of the Company and its subsidiaries were prepared strictly in accordance with the relevant accounting standards. These financial statements have given a true and fair view of the financial conditions and operating results of the Company and its subsidiaries. Accounting treatments have been applied consistently, and fulfilment of the latest accounting standards shall be prioritised. The financial accounts are prepared regularly with clear records and complete information.

The Board of Supervisors is fully confident in the development prospect of the Company. In 2019, the Board of Supervisors will continue with supervision and recommendations, continuously facilitate the Company's compliance with laws and improvement of internal control systems in accordance with the relevant provisions of the Company Law and the Articles of Association and based on its work plan for the year. The Board of Supervisors regards sound and rapid development of the Company as its targets, and will strengthen its supervision, innovate the work style, constantly improve its performance capabilities, diligently perform all its duties and earnestly safeguard the interests of the Company, its shareholders and employees.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this appendix or this circular misleading.

2. DISCLOSURE OF INTERESTS

Substantial Shareholders' Interests in Securities

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors, Supervisors and the chief executive of the Company) had interests and short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Domestic Shares

Name of Shareholder	Capacity	Number of Domestic Shares	Nature of interests	Approximate percentage of total issued Domestic Share capital	Approximate percentage of total issued share capital
Beijing Urban Construction Group Co., Ltd. ¹	Beneficial owner	571,031,118	Long position	59.44%	42.34%
Beijing Infrastructure Investment Co., Ltd. ²	Beneficial owner	87,850,942	Long position	9.14%	6.51%
Beijing Jingguofa Equity Investment Fund (Limited Partnership) ³	Beneficial owner	46,000,000	Long position	4.79%	3.41%
Tianjin Jun Rui Qi Equity Investment Partnership (LLP) ⁴	Beneficial owner	46,000,000	Long position	4.79%	3.41%
Beijing Chengtong Enterprise Management Center (General Partnership)	Beneficial owner	76,000,000 ⁵	Long position	7.91%	5.64%

Notes:

1. Beijing Urban Construction Group Co., Ltd. was incorporated by the Beijing Municipal Government.
2. Beijing Infrastructure Investment Co., Ltd. is a wholly state-owned enterprise established and funded by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

3. The general partner of Beijing Jingguofa Equity Investment Fund (Limited Partnership) is Beijing Jingguofa Investment Management Co., Ltd. The 100% equity interest in Beijing Jingguofa Investment Management Co., Ltd. is held by Baoding Taihangheyi Cement Co., Ltd. In addition, Beijing State-owned Capital Operation and Management Center is a limited partner holding 64.99% interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership). Each of the entities above was deemed to have interests in the same number of shares as Beijing Jingguofa Equity Investment Fund (Limited Partnership).
4. The general partner of Tianjin Jun Rui Qi Equity Investment Partnership (LLP) is Beijing Bodao Investment Advisory Center (Limited Partnership), while the general partner of Beijing Bodao Investment Advisory Center (Limited Partnership) is Beijing Legend Capital Co., Ltd. Beijing Junqijiarui Enterprise Management Co., Ltd. holds 45.00% equity interest in Beijing Legend Capital Co., Ltd. Each of the entities above was deemed to have interests in the same number of shares as Tianjin Jun Rui Qi Equity Investment Partnership (LLP).
5. Among which, 18,270,000 Domestic Shares were issued for connected subscriptions. For further details, please refer to the circular published by the Company on 7 December 2017 and the announcement published by the Company on 5 February 2018.

H Shares

Name of Shareholder	Capacity	Number of H Shares	Nature of interests	Approximate percentage of total issued H Share capital	Approximate percentage of total issued share capital
Amundi Asset Management	Investment Manager	65,254,000	Long position	16.82%	4.84%
Amundi Ireland Ltd.	Investment Manager	81,494,000	Long position	21.01%	6.04%
Amundi Luxembourg S.A.	Investment Manager	57,644,000	Long position	14.86%	4.27%
Beijing Infrastructure Investment Co., Ltd. ¹	Interest of controlled corporations	68,222,000	Long position	17.59%	5.06%
Beijing Infrastructure Investment (Hong Kong) Limited ¹	Beneficial Owner	68,222,000	Long position	17.59%	5.06%
Pioneer Investment Management Limited	Investment Manager	66,028,000	Long position	17.02%	4.90%
Pioneer Asset Management S.A.	Investment Manager	52,777,000	Long position	13.60%	3.91%
CRRC Group	Interest of controlled corporations ²	26,222,000	Long position	6.76%	1.94%

Notes:

- 1 Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司) indirectly holds long positions in 68,222,000 H Shares of the Company through its wholly-owned subsidiary, Beijing Infrastructure Investment (Hong Kong) Limited (京投(香港)有限公司).

2. CRRC Group (formerly known as CSR Group Limited) holds interests in 26,222,000 H Shares through its controlled corporations, CRRC Corporation Limited (formerly known as CSR Corporation Limited) and CRRC (Hong Kong) Co., Ltd. (formerly known as CSR (Hong Kong) Co. Ltd).

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person (other than the Directors, Supervisors or the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company otherwise notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

Directors', Supervisors', and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the following Directors had interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO), or required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows:

Name	Position	Nature of interests	Class of Shares	Number of Shares (Share)	Approximate percentage of total issued H Share capital (%)	Approximate percentage of total issued share capital (%)
Wang Hanjun	Executive Director and the General Manager	Personal interest	H Shares	48,000	0.01	0.004
Li Guoqing	Executive Director	Personal interest	H Shares	48,000	0.01	0.004

Note:

Mr. Wang Hanjun and Mr. Li Guoqing subscribed for 1,000,000 Domestic Shares, respectively, under a key employee stock ownership scheme on 29 December 2017.

Save as the persons disclosed above, as at the Latest Practicable Date, none of the other Directors, Supervisors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO): (i) which were required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interest in any asset which had been, since 31 December 2018, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. DIRECTORS' AND SUPERVISORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Directors and the Supervisors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of the Director/Supervisor	Position in the specific company
Shi Yubin	Deputy General Manager of Beijing Urban Construction Group Co., Ltd.
Tang Shuchang	Assistant to the General Manager of Beijing Urban Construction Group Co., Ltd.
Wu Donghui	Vice-chief economist of Beijing Urban Construction Group Co., Ltd.
Guan Jifa	Deputy general manager of Beijing Investment Company
Ren Yuhang	General manager of capital operation department and director of overseas corporation office of Beijing Investment Company
Yuan Guoyue	Head of sales and marketing department of Beijing Urban Construction Group Co., Ltd.
Nie Kun	Supervisor of Beijing Urban Construction Group Co., Ltd.
Chen Rui	Managing director of Beijing Jun Lian Capital Management Co., Ltd.

7. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Group were made up.

8. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries had received any notice of any litigations or arbitration processes pending or threatened against the Company or any of its subsidiaries.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given advice and recommendations which are contained in this circular:

Name	Qualification
Veda Capital Limited	A corporate licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Veda Capital had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, Veda Capital:

- (a) did not have any direct or indirect interest in any assets acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. MISCELLANEOUS

- (a) The Joint Company Secretaries of the Company are Mr. Xuan Wenchang and Ms. Kwong Yin Ping Yvonne. Ms. Kwong Yin Ping Yvonne is a member of the Hong Kong Institute of Chartered Secretaries.
- (b) The registered address of the Company is 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC. The principal place of business of the Company in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (c) The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Clifford Chance LLP at 27/F, Jardine House, Connaught Place, Hong Kong Special Administrative Region during normal business hours on any business days from the date of this circular up to and including 24 May 2019:

- (a) the Articles of Association;
- (b) the Joint Venture Agreement to be signed by the parties upon approval by the Independent Shareholders at the AGM;
- (c) the letter from the Independent Board Committee as set out on pages 6 to 7 of this circular;
- (d) the letter from Veda Capital as set out on pages 8 to 18 of this circular;
- (e) the written consent of Veda Capital referred to in the paragraph headed “Expert’s Qualification and Consent” above; and
- (f) this circular.